

CS/D&CB: THE NEXT 25 YEARS

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ABSTRACT

This article looks back at several thought-provoking articles from ten and more years ago and focuses on interesting areas of research which should be focused on in the next 25 years. Thirteen different directions from a wide variety of areas are proposed, some are new research areas, and some are areas which have been mentioned in previous review articles. Hope is expressed that each researcher taking on one or two extra research topics over the next few years could make a big difference in positively impacting our field.

INTRODUCTION

In trying to apply the proverbial crystal ball to the next 25 years in CS/D&CB, it would be very helpful to see where we were 25 years ago and what we have accomplished since then (I can almost hear Santayana whispering in my ear “Those who cannot remember the past are condemned to repeat it”).

It is hard to imagine that when the Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior (*JCS/D&CB*) started out in 1988, there was no social media, no blogging, no internet as we know it today, PC’s were still in their infancy (Motorola was the chip of choice and not Intel), and no smartphones. Research was done in the library, and questionnaires were mailed out to respondents, who would then mail them back (or not). Trying to predict how technology will impact the field is next to impossible other than to state that it will have a dramatic influence on research in the next 25 years.

What we can do is to look at some of the issues that were raised in previous years, learn from how they were handled and try to predict where we need to be headed. Very early papers on future research were fairly basic due to the paucity of research (Andreasen 1988), but 20 years ago in volume 6 of the *JCS/D&CB* several attempts were made to predict the future direction of the field. Over the past decade we also have witnessed a number of papers that have taken a broader look at where we are now and where we

need to go (Davidow 2003a; Gelbrich and Roschk 2011; Orsinger, Valenti and de Angelis 2010). It would seem that we now know a lot more than we did 25 years ago.

But looks can be deceiving. If we know so much, then why are complaint rates still what they were 30 years ago (2-5%) in many countries? Why do 60% of companies (CCA 2007) not respond to customer complaints, despite it being so profitable? Why do most companies still not measure what a lost customer is worth and still treat complaint handling as a loss center rather than a profit center? We are talking about customer centric organizations today, but we have such a long way to go. Here are a baker's dozen of directions I propose that we take in the next 25 years.

Direction 1: Implementation Issues

Managers are not implementing the research. Is an implementation problem because of the measures and methodology or is the problem with the managers? This issue is not new. Swan and Trawick (1993) wondered what we do with the results once they have been gathered. Grainer et al. (2003) termed this the billion dollar sinkhole, due to the lack of results. Hunt (1993) and Woodruff (1993) both stressed a need for academics to work together with managers. How do we know where the problem is, and how can we fix it? Is implementation even an academic problem? Shouldn't we just be focusing on the research? This question may split researchers down the middle with some saying just to focus on the research and not let managers dictate what gets researched. Other researchers might argue that if it can't be implemented successfully, then what good is theory. Hunt (1993) stressed the need to improve our outreach to the managerial community, claiming that both sides needed each other, but neither side is rewarded for benefitting the other. Perhaps what is necessary is some focused multidisciplinary research, similar to what we are seeing between IT and services. There is plenty of room for improvement while looking back. Hindsight is

always 20-20 vision. We need better (more effective) measures that can be implemented, and we need better communication with managers to see where the implementation issues lie. There is a key function for *JCS/DO&CB* (and the biennial conferences) in disseminating cutting edge and multidisciplinary research.

Direction 2: Kano's Two Factor Model

There have only been a few studies looking at the two factor model that Herzberg et al. (1959) used to revolutionize the field of job satisfaction. Intuitively, the idea that not all factors impact satisfaction/dissatisfaction the same way is very appealing and certainly important for understanding customer behavior (Kano et al. 1984). We all can understand that not finding a parking space can cause dissatisfaction. However, can an extra parking space be something that can cause satisfaction? We seem to have become fixated on the disconfirmation model. Can the two factor model give the disconfirmation model a run for its money? Is one better than the other? Does it depend on certain factors? What are they? Is there a contingency model where we could determine the suitability of one over the other depending on intervening factors? What does this do to the satisfaction measurement industry?

Direction 3: Satisfaction Measurement in General

Is there a difference between the theoretical satisfaction construct and the managerial satisfaction construct? Woodruff (1993) felt that we needed phenomenological research into the construct, and translational research to focus on the implementation. Where does the IPA (Importance Performance Analysis) matrix come into play?

It seems logical that a good satisfaction measure should take into account those features that are important to me (or my customer segment, in general). This means determining what customers' value (for instance, using value maps). Different segments have different needs and different features that are important to them. It is not logical that one size fits all. For some consumers, speed may be more important, for other consumers it may be gas mileage. Different

segments have different priorities, and therefore will reveal satisfaction differently.

Can we assume that every item of the satisfaction index has equal weighting? Implicit in using a multi item scale to measure satisfaction is that each item is of the same importance. This is usually not the case. If I am using a multi item scale, I should ask customers to assign weights to each item (for instance using a constant sum scale dividing 100 'importance' points among the items).

Isn't satisfaction a relative term? I am happy with the performance today, but tomorrow a new supplier offers a better deal or a better service, and suddenly I am less satisfied. The performance hasn't changed, but my perception has, and that changes my satisfaction. Shouldn't satisfaction surveys also be relative?

Lastly, I would suggest looking at the scale. Most questionnaires use a 5 point rather than a 7 or 9 or 10 point scale. This causes problems in determining whether the scale is interval based (7, 9 or 10 point scales tend to exhibit interval scale properties) or ordinal based (5 or fewer point scales). Alternatively, implementation of Thurstone scaling (Case 5) has been shown to adjust data derived from ordinal scales to exhibit interval scale properties.

There is a huge difference in the calculation and computation of an ordinal scale. For instance a consumer gives a 4 (out of 5) on a satisfaction scale. Does that score mean slightly above average (3) or slightly below excellent (5). We don't know for sure, thus there is a potential bias in the answers. By using a 7 point scale (or better yet a 9 or 10 point scale), we can better deal with the problem. For example, slightly above average is 5 (out of 7), slightly below excellent is 6 (of 7). There is a clearer delineation of the opinions of the respondent which is arguably non-existent in a 5 point scale. This topic has been discussed before in the literature, it is not a marketing or service problem. But it is a problem in analyzing results. An ordinal scale cannot use metric analysis such as average and standard deviation. Have we let expediency trump excellence?

Direction 4: Intervening Variables

There are a number of intervening variables that may influence satisfaction or

dissatisfaction and complaining behavior that need to be looked at in more depth. Among them are the following: *trust* (Garbarino and Johnson 1999), *commitment* (Gustafsson, Johnson and Roos 2005), *engagement* (Van Doorn et al. 2010), *involvement* (Goodman et al. 1995), and *social bonding* (Oliver 1999).

Intuitively, these variables would all seem to have a positive relationship with satisfaction. Could they be confounding variables? Their existence would magnify the satisfaction, while the lack of their existence would have no effect. Which of them would have the biggest impact (if any)? Can we differentiate between them? Do they moderate or mediate relationships between satisfaction and repeat purchase/loyalty? Do they increase our understanding or our company's performance?

Direction 5: Social Media, Complaint Behavior and Satisfaction

What about social media and social influence (Malafi et al. 1993)? Does espousing a position in social media lock consumers in to a position or attitude (Davidow 2003b)? If I tell everyone about how great a company is, does that make me more loyal to the company? Does using social media cause a consumer to exaggerate the case to make the consumer more of a "good guy"?

We need to focus more on the communication channels customers will be using to communicate with companies, and will there be different (separate) channels for complaints. For instance, early social media research (Grainer et al. 2003) found that complainers used telephone (over 60%) much more than internet and e-mail (about 2%). The expectation was that as time went on, more consumers would be using internet and e-mail as opposed to telephone. However the latest CCA research (2007) showed that telephone has remained steady at 62%, while internet and e-mail have only increased to around 6%. Evidently, consumers feel more comfortable getting a real-time response and dialogue that they believe they cannot get elsewhere.

From a strategic perspective, which organizational department should handle the social media? If it is not the complaint handling department, then how do (or should) organizations make sure that social media is on the same page as complaint handling. If social media gives

customers who complain more than the complaint handling department, it stands to reason that consumers will not complain to the complaint handling department but to the social media department. How do we justify two departments doing the same function? These are important issues which need to be addressed.

Direction 6: Multi-Cultural Research

With the rise in social media, and the global economy, there is a perception that everybody will look at things the same way. This is obviously not true, and an effort must be made to see how different cultures see CSD&CB in different ways. There have been a few studies looking at multicultural effects, but they have been few and far between. Can we develop a multicultural framework, developing specific guidelines as to what the main variables are, and how changes in those variables could change the results? We are not there yet, but it would be an interesting challenge going forward. I look forward to seeing more multicultural studies in the future (e.g., taking advantage of the increasing global presence in the biennial CS/D&CB conferences) looking at complaint behavior differences between different cultures. A major (3 country or more) multi-cultural study could help us focus on the strong variables (applicable across most or all cultures) and the weaker variables (varies widely between cultures). What about differences between individualistic and collectivist societies?

Direction 7: New Methodologies

Given the changing complexity of the marketplace, and technology, can we develop new ways of looking at CSD&CB that could help us triangulate past results, as well as offer us new insights into consumer behavior that current methodologies are unable to do? On the one hand, we are talking about advanced statistical methods, neural networks, and perhaps different uses of current analytical techniques (e.g., conjoint analysis, Logit, etc.), while on the other hand, using new methods of qualitative research, and even case studies to look at problems in a different light. Hunt (1993) has been calling for an increased use of stories in CSD&CB research, citing the example of "bothered" being a better

choice of word than dissatisfied to capture consumer feelings. I would also add qualitative questions to satisfaction measures to better capture what is going on behind the numbers.

I would like to see more combined dyadic studies, for instance, looking at consumer reactions to perceived organizational responses and matching their response to objective data from how the company actually responded. This would allow us to see how consumers evaluate the objective organizational response on a case by case perspective. Too many times companies rely on their own objective measures without taking into account consumer's subjective responses. This would apply to measurement of satisfaction as well, and this would also mean a significant increase in the level of cooperation between managers and researchers which would be a nice value add.

Direction 8: Internal S/D&CB

This would be a subset of CS/D&CB. If we are looking at consumer satisfaction and dissatisfaction, then one of the critical antecedents would be employee satisfaction or dissatisfaction. This would be a direct extension of Hunt (1993). How do we handle internal measurements as opposed to other fields such as Organizational Behavior (OB) or Human Resources (HR). Can we link between the two measures? Can we show that an improvement in employee satisfaction will improve customer satisfaction, loyalty and repurchase? How do we handle complaints in the workplace? Again, can we offer any value add to what is already known in OB or HR? Should this be multidisciplinary research? Our journal and conferences are mostly multidisciplinary anyway; can we leverage that into a major strength?

Direction 9: Consumer Wellbeing

Can making informed choices regarding satisfaction and dissatisfaction improve consumer wellbeing (Sirgy et al. 2007)? Granbois (1993) felt that it was becoming clear that consumers should complain and seek redress for their own good. The marketplace would be optimal only if consumers actively provide feedback to sellers. This active feedback is what enables companies to make the adjustments necessary to respond properly to complainants and not lose market

share. Hunt (1993) felt that we should expand our focus to include many more aspects of S/D&CB, specifically mentioning government, B2B (also supported by Swan and Trawick 1993), and others.

Why don't more customers complain if it is so beneficial to them? (In a similar vein, we could look at blood donations, an activity with positive social and physical benefits, where consumer engagement is also very low). Despite many attempts to answer this question, we still do not have a definitive answer. Is it simply cost/benefit, or is there another reason, such as emotion or time related? After 30 years of research, we still report only 2-5% of dissatisfied consumers actually complaining (CCA 2007).

Direction 10: Multifaceted Satisfaction

Can we link satisfaction with the employee versus satisfaction with the company or service? The employee did a great job maneuvering between the company policies to get me a solution that I should have been able to get without any problem. In this case, I am very happy with the employee, but not so happy with the company. What happens to the company when an employee leaves? Hairdresser, advisor, trainer, service provider? What industries are more vulnerable than others? What can be done? This might be similar to transaction satisfaction as opposed to overall satisfaction. Can we construct a percentages tree showing all the different and relevant connections between the various components of satisfaction, with relative strengths? We could then determine what percentage each type of satisfaction is relative to overall satisfaction.

Direction 11: Venus and Mars in Satisfaction

The 8/80 principle, based on research cited in Meyer and Schwager (2007), states that while 80% of managers think they are giving their customers a great experience, only 8% of customers would agree. Why does this happen (managers are from Mars, consumers are from Venus!?) and what can managers do about it? Again, while this might appear to be an implementation issue, perhaps there is a theoretical reason why managers would evaluate

the customer experience differently from the consumers? Is this context specific? Is there any way to bridge the gap between managers and customers? What are the implications for managers, and what could they be doing differently?

Direction 12: Do We Really Know What We Think We Know?

In his comprehensive review of the literature, Davidow (2003a) listed seventeen propositions for future research in the field. Ten years later, very few of the propositions have been tested. Can an organization respond too fast? Do managers and customers view apologies in a different fashion? What is the role of facilitation in complaint handling? Which response dimension is the most critical in handling a customer complaint? There are major holes in what we think we know about complaint behavior, with researchers seemingly moving forward and beyond in search of new directions, leaving behind critical unanswered questions. We need to solidify our hold on what we think we know while at the same time reaching to the stars for new areas of research.

Direction 13: Satisfaction, Word of Mouth, and Delight

Given the growing importance of delight in the new business model in order to maintain existing customers and encourage them to be apostles for bringing in new customers, we need to focus on the factors that raise a customer from mere satisfaction to delight. At what point does a customer start talking (communicating) with his friends and community about a specific company. Assuming a U shaped curve (customers will talk more about negative and positive experiences than they will about average experiences), can we determine how much above (or below) average we need to be to start the feedback loop? How do we measure delight? Is delight the new satisfaction? How do we push a customer from satisfaction to delight? Is it just a matter of doing more, or is it doing different things? This would tie in very nicely with direction 2 towards Kano's two factor model, as well as answering Hunt's (1993) call for more satisfaction research.

CONCLUSION

Writing this article has brought into focus that certain things never change. I would like to stress the tremendous impact that H. Keith Hunt has had on the field, not only from an organizational and administrative aspect, but mainly from an academic perspective. His ideas have been the basis for much of the research that has been undertaken and even more of which is still in progress. His exhortation "If it isn't fun, don't do it!" also continues to inspire scholars.

JCS/D&CB has been doing an incredible job of publishing cutting edge topics before they become mainstream. While polished, comprehensive literature reviews seem to go to journals with larger circulations, this journal has been one of the first to look at innovative topics (see for example the companion piece by Debra Perkins in this journal). By focusing on cutting edge research, and multidisciplinary research the journal is well situated to continue to innovate through the next 25 years.

Several of the topics in this article were stressed 20 years ago as areas of future research. In some cases, the research has not gathered much momentum (Implementation, Consumer Wellbeing), and in other cases it has not had the hoped for benefits (Industry outreach, the role of emotions). In addition to this, several new topics have been highlighted in this article. It is my hope that if every reader would take one or two topics to think and write about, in addition to their regular research topics, then we could make a huge impact on the field. Together, we can make this dream into a reality!

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FUTURE DIRECTIONS IN CONSUMER SATISFACTION, DISSATISFACTION AND COMPLAINING BEHAVIOR: SO MUCH MORE TO COME

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ABSTRACT

This article is a companion piece to Moshe Davidow's "crystal ball" look at research in the field over the next 25 years. Here the focus is put on the shorter term and suggests multiple lines of research that are within reach today and the near future. These lines were culled from the published articles of the Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior (*JCS/D&CB*) between the years of 2005-2010.

INTRODUCTION

This piece is designed to accompany the article being written by Moshe Davidow on "The Next 25 Years." His longer term prognostications married to these current ideas should provide researchers with plenty of stimulation for new research.

This anniversary edition of the *JCS/D&CB* is a fine forum to ask whether we have reached the end. Are we "getting answers?" Have we done all that is interesting and relevant to practitioners?

A conversation with Keith Hunt some two years ago instigated this line of thought. When asked whether there was anything more that Keith wished he had done in the field, he responded that no, he had done everything he wanted to. He expressed some concern that the disconfirmation paradigm on which much satisfaction research rests is inherently flawed and until we could articulate and test an alternative theory *sans* the flaw, little more could be accomplished in the field. Keith pointed to the fact that a greasy hamburger at the student cafeteria may be "satisfactory" since it was largely what was expected at that venue, but a wonderful meal at a favorite restaurant may not be as highly judged because although the soup was served at the proper temperature, the ingredients tasted fresh, and the seasoning was just perfect, still there were fewer clams than expected in the chowder. That

the greasy burger is clearly inferior to tasty clam chowder is undeniable, but one would be satisfied with the burger and dissatisfied with the chowder despite the evident quality of the two items.

Virtually every researcher in satisfaction has noted this flaw at one time or another. The disconfirmation paradigm is still in use and is still flawed. No new, compelling theory has risen to date; but some new analysis techniques are being brought to bear and these may eventually overcome the problem [for example, see the recent CS/D&CCB Conference Proceedings article by Taylor and Ishida, et. al., 2012]. Furthermore, the old theory of employee satisfaction, posited by Herzberg (1959) which suggests that there are hygiene factors and satisfiers, has found an audience in the customer satisfaction literature and will likely bear additional fruit in the future.

The very good news is that there is much more to learn as judged by a survey of the published articles of *JCS/D&CB*. The articles between the years 2005-2010 were reviewed with an eye to future directions for research. The vast majority of the research directions presented in the current paper emerged from the articles and most of the directions were suggested by the authors themselves. One of the great (if underutilized) strengths of the academy is our insistence that authors look to the future even as they report on their current research. Of the 37 articles scanned, only one failed to give any specific directions for future research. At the other end of the spectrum are the articles that provided lengthy writing on future directions with suggestions that would keep a team busy for years. For example, see Taylor, Hunter and Longfellow (2006) for a treasure-trove of research ideas.

The current endeavor made no attempt to be comprehensive in mining the literature surveyed to uncover every possible additional avenue of inquiry. Some suggestions were too difficult to explain without reviewing the article

itself in greater detail than this endeavor warranted.

One method to structure this piece centered on the creation of a taxonomy of research directions that would be mutually exclusive and collectively exhaustive. After some not inconsiderable time and effort it became clear that this goal was easier stated than accomplished. Although less elegantly organized than originally envisioned, a sensible classification was devised around conceptual/empirical, replication and generalizability, longitudinal vs. snapshot, sample changes, expanded use of new methodologies, changing measures, price, policy research, managerial directions, and cross-cultural studies.

Conceptual/Empirical

Those researchers who produce conceptual papers often call for empirical support of the concepts developed. Thota and Wright (2006) for example investigated whether consumers hold grudges and practice avoidance forever once a service failure occurs. Their method utilized a Markov Chain Model of the decay of grudgeholding and avoidance attitudes and subsequently called for empirical testing of the model of attitude change thus generated. Salegna and Goodwin (2005) proposed a model of loyalty as a multidimensional construct composed of affect, behavior, and cognition. Empirical research to test the model and the interrelationships was suggested. Modeling followed by empirical testing is a very natural progression on the research path.

The opposite sometimes occurs in that empiricists point to the need for conceptual development. For example, Taylor et al. (2006) in "Testing an Expanded Attitude Model of Goal-Directed Behavior in a Loyalty Context" queried the roles independently and synergistically among desires, perceived behavioral content and/or intention in terms of motivational content. In their empirical article on "Consumer Complaining Behavior in Developing Countries: The Case of Brazil" Von der Heyde Fernandes and dos Santos (2007) pointed out that the place of attributions and emotions in the context of the consumer complaint behavior model requires more clarity. Juhl, Thorgersen and Poulsen (2006) reported on an empirical study on the question "Is the Propensity to Complain Increasing over Time?"

In this study they questioned the link between dissatisfaction and complaint behavior (a rather obvious yet unsettled conceptual question) and suggested that a move toward a more comprehensive model of complaint may include attitudinal, normative, personal and situational as well as control variables. Bassi and Guido (2006) reported in "Measuring Customer Satisfaction: From Product Performance to Consumption Experience" an empirical study that noted the need to add a measure of customer involvement or emotional involvement in all the stages of pre and post purchase and hint that other variables are missing as well. Zhang, Lam and Chow (2009) looked at tolerance for an inferior service and posited it to be one dimensional. At the same time they considered that it could be composed of both affective and cognitive components and suggest this as an avenue for further inquiry. Lee and Romaniuk (2009) suggested looking at switching costs (a single dimensional construct) as company imposed or individual imposed (making it two dimensional) and the link to word of mouth. As an alternative, they proposed classifying switching costs as transactions, financial, or relational and looking at the relationships among these variables with strength and valence of WOM. These are only a few instances where empirical studies have suggested areas in need of conceptual development.

To round out the trilogy of options, conceptual papers sometimes also point to conceptual areas beyond the work they report on. For example, Sanchez-Fernandez and Iniesta-Bonillo (2006) completed a literature review and posited a new conceptual framework for consumer perception of value. Subsequently they then posed several questions. Is value a single or multidimensional construct? Are there both positive and negative components to consumer value? What are the relationships among perceived value, quality, price, satisfaction, loyalty and commitment? They also pointed to the need for research to help us better understand the comparative and dynamic nature of value judgments (p.53).

Replication and the Goal of Generalizability

Generalizability requires that research be replicated and extended beyond the setting and

population originally utilized; thus calls for replications are in service to the goals of science. But while a call for replication of the work presented is commonly suggested as a future direction, it not a commonly accomplished research endeavor. At least some of that lack of response is likely tied up in how the publication game is played. For instance, Bassi and Guido (2006) have two other versions of the scale they used in the research they reported on which need to be tested on convenience and specialty goods. This can be a problem as replications are judged by many journal editors as less noteworthy than ground-breaking, new research. Top journals often will not even consider a replication to be worthy of inclusion in their journal. Conceptual replications –with extensions, rather than actually empirically replicating the previous work, may help in this regard as something “new” will have been added. The addition of a conceptual extension such as a new variable, or link between or among variables not previously investigated, or controlling for unwanted variance over and above what the original researchers accomplished would serve the function of replication while improving the probability of publishing. Performing multiple studies within the same context and reporting on them together in one comprehensive article could be another way to replicate and still add substantial value in the eyes of otherwise reluctant editors.

Longitudinal vs. Snapshot

Frequently there are calls for research that is longitudinal. For example Aron (2006) suggested in his paper on “The Effect of Counter-Experiential Marketing Communications on Satisfaction and Repurchase Intention” that a longitudinal approach which measures the key dependent variables of repurchase and satisfaction *a priori* would be informative. Ashley and Varki (2009) investigated loyalty, complaining behavior and service recovery satisfaction and used a single service failure in the research but then suggested that the use of repeated service failures may lead to different results.

Unless databases can be found that contain the information sought over time, this can mean a long term commitment to a single research project with multiple data collections separated by what could be substantial time lapses. Tenure

committees look for volume as well as quality so such a commitment can especially put the young researcher at risk. Even the annual evaluations seasoned academics undergo make long term endeavors somewhat risky. What if the research results in nothing interesting? What if the commitments made are broken so that the promised data is never received? Snap shot studies are inherently less risky and so more likely to be completed; hence the calls for longitudinal research may (and do) go unfilled. Scholars tend to learn in their doctoral programs to focus on ‘internal validity’ as opposed to ‘external validity,’ a focus that delivers more, and more regular volume of journal articles.

Some calls do not necessarily suffer this level of uncertainty. Jones (2006) also calls for a multi-year (i.e., longitudinal) approach in replicating “A Content Analysis of Customer Satisfaction in Annual Reports” and those reports are published and available for analysis any time a researcher is willing to do the work.

As an aside, there were no longitudinal studies calling for snapshot research to confirm hypotheses.

Samples: More Realistic or Increased Size

Authors often suggest the use of more realistic samples. Student samples are still commonly in use and often their use is entirely appropriate given the research questions posed. Recent *JCS/D&CB* articles included both graduate (see for example, Zhang et al. 2009) and undergraduate student samples (for example, Krishen and Kunal 2008 and Bolkan and Daly 2008). But calls for “real” customers in future research are much harder to arrange and that is often why the student samples were utilized in the first place. Real customers usually mean collaboration with real companies which may have little or no interest in our research questions. (We will have more to say about involving practitioners in research in the Managerial Directions section.)

In “Getting Good Complaining without Bad Complaining,” Fox’s (2008) student respondents completed an on-line survey including, among other things, a service failure incident and the action taken as a result of that failure. This resulted in cross sectional data from several industries. In completing the analysis, the data was divided up by industry thus reducing

power; thus although the sample as a whole was large, (238) it was relatively small within each industry. Therefore, restricting future data collections to a single industry would increase power since 100% of the sample would apply to one industry instead of being divided among the many.

Expanded Use of New Methodologies

New methodologies and techniques become available over time. For example, Chow and Zhang (2008) introduced the Intensity Comparison Technique (ICT) as a substitute for the Critical Incident Technique, a method that has been widely used in business and social science applications. Audrain-Pontevia and Kimmel (2008) used the Critical Incident Technique in “Negative Word-of-Mouth and Redress Strategies: An Exploratory Comparison of French and American Managers,” but also suggested the use of real time rather than retrieved from memory incidents. Audrain-Pontevia (2006) introduced the Kohonen Self-Organizing Maps (KSOM) neural network approach which revealed complex (rather than linear) relationships. Salegna and Goodwin (2005) looked at “Consumer Loyalty to Service Providers: An Integrated Conceptual Model” and suggested it be extended into the B2B context.

Replications utilizing the newer technology and comparing the results obtained against the older technology could be a fruitful avenue that could lead to better decisions on which methodology will be superior under specific circumstance. This could be a very valuable contribution to research.

Changing Measures

There are multiple ways to measure concepts. Having chosen one method, researchers often suggest alternative means. For example, Ashley and Varki (2009) measured attitudinal loyalty but then suggest that behavioral loyalty would be a good alternative. Leingpibul, Thomas, Broyles and Ross (2009) wonder about the predictive effect of intent on behavior. Because someone says they intend one thing does not mean there is a direct, predictable correlation. (Think of the many times you, your boss or your kids stated intentions that did not materialize!) Of course, this suggests that actual purchasing behavior

rather than intent would be more useful. So there are two things to consider here: the relationship of intent to purchasing and the measuring of actual purchase rather than intent to purchase depending on the boundaries uncovered in the research on the intent to buy relationship.

Zhang et al. (2009) measured tolerance for an inferior service and suggested, quite rightly, that such a measure would not be available in real world contexts. Therefore, they suggested the use of demographic variables (which are readily observed or collected) which can serve for surrogates. Empirical research would be needed to relate various demographics to the tolerance for inferior goods and could not be carried out with the data available as they used a convenience sample of students. (As an aside, the field has come full circle as the connection of demographics to satisfaction topics were the focal topic in “Part III. RELATING INDIVIDUALS’ ATTRIBUTES TO CS/D” in the proceedings to the Research Symposium on Satisfaction, Dissatisfaction, and Complaining Behavior held at Indiana University in April, 1977.) Over time, demographics have garnered less consideration in research as less obvious variables were added to our conceptualizations and those newer linkages explored.

Grisaffe (2007) suggests a multidimensional approach to customer loyalty be tested head-on against the one-dimensional Net Promoter Score (Reichheld (2003). This is one suggestion that could put academic research on the practitioner radar as few things have ever done. The Net Promoter Score received a tremendous amount of publicity and acclaim among businesses and commercial news sources; yet it is inherently weak along multiple dimensions. (Along with the Grisaffe (2007) article, see Monger and Perkins (2008) whom devote the entirety of Chapter 5 to its shortcomings.)

While most of our studies are quantitative in nature, a few are qualitative like the study by Halstead, Jones and Cox (2007) that looked at “Satisfaction Theory and the Disadvantaged Consumer”. They call for their qualitative research to be confirmed with quantitative methods.

Price

While a large majority of people will admit that price is a crucial variable in the decision to purchase, its relationship to other marketing variables has received less attention than it deserves. Hicks, Page, Behe and Fernandez (2005) wonder that the effect of price on post consumption processes may be. This is a very good question. Very expensive goods and services would seem more likely to draw complaints, NWOM, etc. than very low priced goods. Powers and Valentine (2008) looked to standards (such as desires, expectations, equity, information, values, norms, ideals, goals, etc.) as the initial drivers of disconfirmation processes, but not price. As stated earlier Sanchez-Fernandez and Iniesta-Bonillo (2006), queried what are the interrelationships among perceived value, quality, price, satisfaction, loyalty and commitment?

Policy Research

The roots of satisfaction research go back to academic and governmental cooperative efforts. For example The National Science Foundation sponsored the first conference (in conjunction with the Marketing Science Institute) titled "Conceptualization and Measurement of Consumer Satisfaction and Dissatisfaction" in April 1976. One of the papers by Landon (1976) is titled "Consumer Satisfaction Research Orientation Differences between Industry and Government" which concludes, among other things, that "The government becomes interested in measures of satisfaction when it identifies a need to intervene in the marketplace on the consumer's behalf (p.355).

Questions of policy are a natural at this intersection of government and academia. Nevertheless our investigations seldom look at policy issues. Two exceptions were published in volume 20. Halstead et al. (2007) looked specifically at the "disadvantaged consumer" while Bunker, and Bradley (2007) looked at customer powerlessness. Judging from these two pieces, it would appear powerlessness may have much to do with the disadvantaged consumer, but there is much research in the service failure area that needs to include powerlessness before firm conclusions can be drawn. The definition

Halstead et al. (2007) used was consistent with prior research: "disadvantaged consumers are defined as those consumers who lack various financial, social, intellectual, and/or physical resources necessary to function well in the marketplace, and include vulnerable groups such as the poor, the elderly, minorities, the homeless, and the illiterate, and others" (p.17). The whole definition points to powerlessness; but diminished power may also be perceived rather than real, so the bases of powerlessness as cognitive or affective would also seem of interest.

Managerial Directions

Many practitioners do not see that "there is nothing more practical than a good theory" (Lewin, 1952, p.169). In fact there is likely a negative bias by practitioners against academics who are thought not to be practical, have never met a payroll and are lost somewhere in the ivory tower. (My own husband often refers to academics as "pointy-headed intellectoids." Rehabilitating his point of view is a work in progress!)

There is little use in claiming that deep-seated biases are easily overcome; but as the social psychological attitudinal change research has conclusively demonstrated, it is not impossible. Likely it will be necessary to look at the network your institution has with businesses and make friends with key players in them. Offering something in the study that will be of interest to the company will likely be a key to success as well as being able to accomplish the study without undue disruption to business processes and output. But even so the odds are long for collaboration if frequent service failures or the potential revelation of proprietary information to competitors or embarrassing customer satisfaction or product failure rates will be exposed to the public. No company wants to look bad in the public eye. It will likely be necessary to promise anonymity to the company and then make all identifiers as vague as journal editors will allow if the research results do not place the company in the most favorable light.

Expect the relationship to take time to develop and it would likely be best to try a "foot in the door" approach (Freedman and Fraser 1966) whereby something small is requested

followed by something larger once the initial small request is fulfilled. This technique has been widely validated via meta-analysis (Beaman, Cole, Klentz, and Steblay 1983) and other techniques (Burger 1999) and has been shown to be efficacious. Be certain to follow through completely on any promises so as to build trust. Mostly this will simply require much patience.

JCS/D&CB has traditionally limited itself to consumers; hence the title. But more recently we have begun to look at B2B and how satisfaction processes occur and play out in that context (Volumes 23, 24 and the current Volume 25 contain several such articles). There are bound to be similarities and differences especially since much of B2B is decision making within groups which may be very large while group decision making is typically less so with consumer decisions and made by smaller groups even when it does occur. Also the importance of building relationships is arguably more important where the sales can be in the millions of dollars and repeated many times over many years. One study which expanded traditional consumer research into a B2B context was undertaken by Taylor, Hunter, Longfellow (2006) in "Testing an Expanded Attitude Model of Goal-Directed Behavior in a Loyalty Context." Audrain-Pontevia (2006), suggests that the research she reported on in "Kohonen Self-Organizing Maps: A Neural Approach for Studying the Links between Attributes and Overall Satisfaction in a Services Context," be extended to the B2B including the use of the Kohonen Self-Organizing Maps she used in this research. These maps are not linear and so provide what is arguably more reality to the research and would likely appeal to practitioners.

In "Consumer Loyalty to Service Providers: An Integrated Conceptual Model," Salegna and Goodwin (2005) suggested extension of this research to the B2B context. Aron (2006) looked at "The Effect of Counter-Experiential Marketing Communication on Satisfaction and Repurchase Intention." Although he did not suggest extending this approach to the B2B context, it would seem to be a logical extension.

There are consumers who are internal to a company: those who use IT, printing, legal, and other internally provided services. Are the satisfaction processes of these customers different from the ultimate consumers we often study? There are thousands of studies for employee

satisfaction and turnover. If we study employees as though they are consumers, might we learn more?

Here is a short list of some additional directions for future research with managerial implications recently pulled from the *JCS/D&CB*:

1. Add a measure for the extent to which management uses complaints from customers as input to their executive decisions (Hansen, Wilke and Zaichkowsky, 2009).

2. Which operating model of customer complaints works best with long/short term profitability? (Hansen et al. 2009)

3. Does loyalty differentially influence responses to service recovery procedures that emphasize different kinds of justice (e.g., distributive, procedural and interactional)? (Ashley and Varki, 2009)

4. What is the value of a complaint? (Ashley and Varki, 2009)

5. Future studies that model customer behavior and sales need to consider the effects of simultaneity as the results of this study suggest that simultaneity exists and failure to consider this can lead to poor decisions when managers use such analyses for strategic decisions. (Banker and Mashruwala (2009)

6. The above research looked at the retail context, and while not suggested by Banker and Mashruwala, a logical extension would be to B2B.

7. Retail companies have customer service desks and yet know little about the processes that occur at those desks. For example, do complainers seek or simply get support from those present in a service failure situation? The processes that encourage complaint in a public situation could (maybe) inhibit it as well. What are those processes? (Yan and Lotz, 2009)

8. The relationship between customer satisfaction and firm performance is not clear. Other variables may intervene to lead to purchases elsewhere even when customers say they are satisfied. Time sensitivity may play a role. What is the relationship between satisfaction level and satisfaction strength? (Powers and Valentine, 2008).

9. Expectations and the relationship of them to accounts (temporary or stable) for service failures (Gil, et al. 2008).

10. Inclusion of power in the retailer/supplier chain (Gil, et al. 2008)

11. The effects of rude customer service personnel (Bunker and Bradley, 2007)

12. An internal marketing context with employees as the customers and employee satisfaction and intention to turnover would be an interesting extension to “The Effect of Counter-Experiential Marketing Communication on Satisfaction and Repurchase Intention,” (Aron 2006)

13. How much importance does upper management really place on customer satisfaction and its link especially to long term profitability? (Jones 2006)

14. Do shareholders perceive and understand the link between customer satisfaction and firm performance? (Jones 2006)

15. Is there a relationship between customer satisfaction scores and the dissemination of customer satisfaction information? (Jones 2006)

16. Testing of different service guarantees with different types and levels of company information (McColl, Mattsson and Morley 2005)

17. Encouraging companies to proactively seek out the complainers and the effects of doing so for a firm (McColl et al. 2005). Imagine trying to sell that to a company! Most firms think of complaints as bad and something to avoid rather than as opportunities.

18. Is there a synergistic effect of various loyalty development programs on customer loyalty? (Salegna and Goodwin, 2005)

It is quite easy to see that there is a universe of managerial extensions for our journal to exploit. Much of the difficulty likely comes from the necessity to build solid relationships with companies in order to get access to data and there is simply no short-cut to doing this.

Cross-Cultural/International Studies

The roots of CS/D contain early studies in foreign lands such as that written by Thorelli and Puri (1977) exploring complaining in Norway. This has continued through the years and remains an opportunity for researchers.

The biennial CS/D&CB conference draws many researchers from all around the world and their samples are often locally drawn but compared to research completed on samples from

elsewhere. Others specifically seek to compare people in two different cultures such as the work by Audrain-Pontevia and Kimmel (2008) which compared American and French managers.

But the single most intriguing recent study may be that by Blodgett, Hill and Bakir (2006). Most cross-cultural studies find differences in consumer behavior rooted in differences in culture; but Blodgett et al. suggest that the variance “with-in” cultures is greater than the variance “between” cultures leading to the idea that something besides culture is a work. This study focused on complaining behavior and posited and confirmed that competitive differences (return policies) accounted for most of the difference in complaining behavior in a given country.

This study opens up the novel idea that although culture is important in consumer behavior, there may be other drivers that are at least as important that may have been overlooked. What was begun here on complaints may also be true of differences in other consumer behaviors. The limitations of cultural effects on pre- and post-consumption behaviors would seem to be at least as important to understand as its influence. The authors further point to the policy implications of their exploratory study and conclude that as return policies change to become more liberal over time so too there may be greater complaint behavior over time even in cultures where complaints are currently uncommon.

CONCLUSION

As stated at the outset, this survey of research directions is not at all comprehensive; but it certainly is thought-provoking. While we have learned a lot, there is so much more to know! Every insight points to new areas to pioneer. Virtually every idea listed above is ripe for research right now...no waiting for future techniques, models, or methodologies.

Often resources are scarce for research in these cash-strapped times. Travel money, cash support to pay participants, data entry and coding help---all these and more are harder for some academics to accommodate as many universities struggle with fewer resources, philanthropy curtailed all while businesses are faced with uncertainty in both the commercial and political environments. This is where creating more

research partnerships could help as only one writer must attend and present the paper. The work can be more widely spread and those with expertise or resources in defined areas can contribute in those limited ways.

This paper may be a good addition to a doctoral course syllabus. It hopefully will also serve to spark some interest from those who are

tired of their stream of research and need to look for something more stimulating.

Citation	Future Directions
Hansen, Wilke, R. & Zaichkowsky, J.L. (2009), "How Retailers Handle Complaint Management," <i>JCS/D&CB</i> , 22, 1-20.	<p>Complaint management:</p> <ol style="list-style-type: none"> 1. Conduct a longitudinal study rather than a snapshot. 2. Larger cross-section of retail categories/countries: (limited to grocery shops, furniture stores, electronic stores and car-dealers/Sweden & Denmark) 3. Standardizing "perceived dissatisfaction" across retailers so that percentages match. 4. Adding a measure for the extent to which management uses complaints from customers as input to executive decisions. 5. As profitability is of key importance, which operating model of Customer Complaints works best with long/short term profitability?
Ashley, C. & Varki, S. (2009), "Loyalty and its Influence on Complaining Behavior and Service Recovery Satisfaction," <i>JCS/D&CB</i> , 22, 21-35.	<p>Loyalty, Complaint, Service Recovery</p> <ol style="list-style-type: none"> 1. Instead of measuring attitudinal loyalty, measure behavioral loyalty. 2. A single service failure was used. Repeated service failures may lead to different results. 3. Does loyalty differentially influence responses to service recovery procedures that emphasize different kinds of justice, e.g., distributive, procedural, and interactional justice? 4. What is the value of a complaint? The answer could help managers to construct systems that are clearly justified on the basis of profitability.
Leingpibul, T., Sunil, T., Broyles, S.A. & Ross, R.H. (2009), "Loyalty's Influence on the Consumer Satisfaction and (Re) Purchase Behavior Relationship," <i>JCS/D&CB</i> , 22, 36-53.	<p>Loyalty on Satisfaction and Behavior</p> <ol style="list-style-type: none"> 1. "...examine brands in various product groups in order to further enhance our insights with respect to dissimilar product complexity and different cognitive processes" p.49. 2. What is the predictive effect of intent on behavior? Many studies have used intent to repurchase, but what does that mean for actual repurchasing behavior? 3. "...future study could include brands that are more expensive, less well-known, and are exclusive or conspicuous (p.49). The brands used in this study were Coke and the Gap.
Lee, R. & Romaniuk, J. (2009) "Relating Switching Costs to Positive and Negative Word-of-Mouth," <i>JCS/D&CB</i> , 22, 54-67.	<ol style="list-style-type: none"> 1. Instead of a single factor, look at switching costs as company imposed or individual imposed and the link to WOM. 2. Switching costs alternatively can be classified as transaction, financial, or relational; what is the relationship between these and the strength and valence of WOM? 3. Prior research has found that current customers give PWOM

	<p>and NWOM about other brands. “Studies could consider how customers who give PWOM (NWOM) about their current...service provider are also likely to give NWOM (PWOM) about other...providers (p. 65).</p> <ol style="list-style-type: none"> 4. Lee and Romaniuk table four customer segments based on switching costs and switching intentions. The role of alternative attractiveness of competing alternatives across these segments is yet to be explored. 5. The effect of external circumstances (such as elicited WOM vs. given) and their interaction with switching costs PWOM or NWOM are also unexplored avenues.
<p>Zhang, L. L., Lam, L.W. & Chow, C.S.F. (2009), “Segmenting the Customer Base in a CRM Program According to Customer Tolerance to Inferiority—A Moderator of the Service Failure-Customer Dissatisfaction Link,” <i>JCS/D&CB</i>, 22, 68-87.</p>	<ol style="list-style-type: none"> 1. This research measured tolerance for an inferior service; but such a measure will not be typically available in real world contexts. So relating tolerance for an inferior service to demographic variables would allow for tolerance levels to be observed and predicted when they cannot be measured. 2. While this study was on goal congruence and relevance, other appraisal components and frameworks could be used. (See Ellsworth and Scherer (2003) and Scherer, Schorr and Johnstone (2001)). 3. Emotions that arise from the appraisal process likely have effects on consumer post-purchase behavior. Two possible directions include the models of Taylor (2008) and Loewenstein and Learner (2003) or the discrete emotions/action tendency of Lazarus (1991). 4. Maybe tolerance for inferiority, which was treated as an undifferentiated construct here, is composed of affective and cognitive components? Looking at this would enrich our understanding of the construct. 5. Tolerance for inferiority was investigated here in regard to a housing service. More settings will be needed to establish generalizability. 6. This study utilized graduate students and that is entirely justified for the product and its importance to that population. Nevertheless, replication with other populations is desirable.
<p>Banker, R. D. & Mashruwala, R. (2009), “Simultaneity in the Relationship between Sales Performance and Components of Customer Satisfaction,” <i>JCS/D&CB</i>, 22, 88-106.</p>	<ol style="list-style-type: none"> 1. Future studies that model customer behavior and sales need to consider the effects of simultaneity as the results of this study suggest that simultaneity exists and failure to consider this can lead to poor decisions when managers use such analyses for strategic decisions.
<p>Yan, R. & Lotz, S. (2009), “Taxonomy of the Influence of Other Customers in Consumer Complaint Behavior: A Social-Psychological Perspective,” <i>JCS/D&CB</i>, 22, 107-125.</p>	<ol style="list-style-type: none"> 1. Do consumers seek or simply get support from those present in a service failure situation? The results verify that support is received, but not whether it is volunteered or solicited. 2. “Interestingly, communications and feedback of family and friends, as well as strangers, can be reproduced <u>in the imagination of the consumer</u>” (emphasis Perkins). “Largely, this input serves to bolster the consumer’s decision to complain” (p. 120). Complaining behavior may be an outcome

	<p>of WOM received from family and friends, but also from blogs, social network sites, and other anonymous sources.</p> <ol style="list-style-type: none"> 3. This research suggests that those acquainted and present or those not present can encourage complaint behavior. It may well be that complaint behavior can be discouraged via a similar mechanism in an attempt to avoid embarrassment. "Large groups of strangers may enhance this effect" (p. 120). 4. There are numerous options for research connecting personality and complaint behavior.
<p>Bolkan, S. & Daly, J.A. (2008), "Organizational Responses to Consumer Complaints: A Re-Examination of the Impact of Organizational Messages in Response to Service and Product-Based Failures," <i>JCS/D&CB</i>, 21, 1-22.</p>	<ol style="list-style-type: none"> 1. The study used a convenience sample but one that was relevant. Replicating with other samples is an option. 2. Investigation of a product rather than a service environment.
<p>Fox, G. L. (2008), "Getting Good Complaining without Bad Complaining," <i>JCS/D&CB</i>, 21, 23-40.</p>	<ol style="list-style-type: none"> 1. The open frame of reference design pulled memories of service encounters from numerous industries and this likely introduces much unwanted variance. Limiting the frame to specific or even a single industry would provide for more powerful analysis. 2. The above would also serve a purpose in that the sample size was overall large in this research, but when divided by industry it was much reduced in the analysis limiting power. 3. Regression was utilized in this study but cluster-wise logistic regression would allow different complaint goals to be analyzed with separate prediction functions.
<p>Taylor, S. A. (2008) "Reconciling Satisfaction, Emotions, Attitudes, and Ambivalence within Consumer Models of Judgment and Decision Making: A Cautionary Tale," <i>JCS/D&CB</i>, 21, 41-65.</p>	<ol style="list-style-type: none"> 1. Further explorations of affect, satisfaction, attitudes, and CA (consumer ambivalence) and their theoretical foundations. The model on page 45 provides some steps in that direction. 2. Are emotions sequential or simultaneous? Or as Reich et al (2003) suggest both? This is not settled and has managerial implications. 3. There are competing explanations of how affect operates within marketing contexts that need further testing. 4. The relationships between goal ambivalence and emotional ambivalence and motivation would seem to have marketing usefulness. 5. More research is needed on the boundary conditions of emotional dissonance and the distinction between cognitive versus emotional dissonance. 6. The Analogical Emotional Scale (AES) proposed by Carrera and Ocejja (2007) is a new measurement technique that marketers may consider assessing against more traditional scales of ambivalence.

<p>Chow, C. S.F. & Zhang, L.L. (2008) "Measuring Consumer Satisfaction and Dissatisfaction Intensities to Identify Satisfiers and Dissatisfiers," <i>JCS/D&CB</i>, 21, 66-79.</p>	<ol style="list-style-type: none"> 1. This research introduced the Intensity Comparison Technique (ICT) which is a new technique for identifying satisfiers, dissatisfies and hybrids. This technique is a potential replacement for the Critical Incident Technique. 2. This new technique needs further development.
<p>Powers, T. L. & Valentine, D.B. (2008), "A Review of the Role of Satisfaction, Quality, and Value on Firm Performance," <i>JCS/D&CB</i>, 21, 80-101.</p>	<ol style="list-style-type: none"> 1. This research took standards (such as desires, expectations, equity, information, values, norms, ideals, goals, etc.) as the initial driver of the disconfirmation processes. Additional research to gain a comprehensive understanding of the interplay between the standards is desirable. 2. What is the role of price as a standard-related attribute? 3. The interrelationships between Satisfaction, Quality, and Value can benefit from theoretical and empirical research. 4. The relationship between customer satisfaction and firm performance is not clear. Other variables may intervene to lead to purchases elsewhere even when customers say they are satisfied. It may be that time-sensitivity plays a role. 5. There may also be differences between market segments. 6. More research is needed that looks at satisfaction level and satisfaction strength.
<p>Krishen, A. & Kamra, K. (2008), "Perceived Versus Actual Complexity for Websites: Their Relationship to Consumer Satisfaction," <i>JCS/D&CB</i>, 21, 104-123.</p>	<ol style="list-style-type: none"> 1. Use of a student convenience sample was both a limitation and a reasonable decision; however, a sample of actual e-commerce customers could be helpful a replication and serve as verification of the results of this research. 2. Changes in product domains used in the research. 3. Extending beyond subjective self-reports to behavioral measures such as actual purchase would increase managerial interest in the research. 4. Longitudinal research on existing websites could assess the effects of learning over time.
<p>Audrain-Pontevia, Anne-Francoise & Kimmel, A.J. (2008) "Negative Word-of-Mouth and Redress Strategies: An Exploratory Comparison of French and American Managers," <i>JCS/D&CB</i>, 21, 124-136.</p>	<ol style="list-style-type: none"> 1. The research was limited to 7 NWOM redress strategies and there are others. 2. Instead of using the Critical Incident Technique, replicate using other methods. Use of real-time incidents could be particularly interesting.
<p>Gil, L. de A., Yu, J.P., Johnson, L.W. & Pomeroy, A. (2008), "Brazilian Food Retailer Satisfaction with Suppliers," <i>JCS/D&CB</i>, 21, 124-136.</p>	<ol style="list-style-type: none"> 1. The research did not include power in the retailer/supplier chain and the power certainly matters and so needs to be included in future research. 2. Expectations and the relationship of them to accounts for service failures (temporary or stable) and behaviors for service recovery also seem fruitful avenues of research. 3. The norms and structures that reward cooperative behavior were not studied.

<p>Blodgett, J. G. & Li, H. (2007), "Assessing the Effects of Post-Purchase Dissatisfaction and Complaining Behavior on Profitability: A Monte Carlo Simulation," <i>JCS/D&CB</i>, 20, 1-14.</p>	<ol style="list-style-type: none"> 1. Models more sophisticated than Monte Carlo simulations can be utilized that increase the reality: additional independent variables, increasing costs of recovery and the effect of the cost of the defective item on repatronage are a few examples.
<p>Halstead, D., Jones, M.A. & Cox, A.N. (2007), "Satisfaction Theory and the Disadvantaged Consumer," <i>JCS/D&CB</i>, 20, 15-35.</p>	<ol style="list-style-type: none"> 1. There appear to be differences between disadvantaged customers in articulated expectations and these should be confirmed with quantitative methods. (This study used qualitative methods.) 2. What are the roots of disadvantaged customers' lack of complaining behavior?
<p>Grisaffe, D. B. (2007) "Questions about the Ultimate Question: Conceptual Considerations in Evaluating Reichheld's NPS," <i>JCS/D&CB</i>, 20, 36-53.</p>	<ol style="list-style-type: none"> 1. A multidimensional approach on customer loyalty metrics should be proposed and tested against the Net Promoter Score.
<p>Bunker, M.P. & Bradley, M.S. (2007) "Toward Understanding Customer Powerlessness: Analysis of an Internet Complaint Site," <i>JCS/D&CB</i>, 20, 54-71.</p>	<ol style="list-style-type: none"> 1. Content analysis of a complaint site was the method employed which led to one-sided information. Access to complaint data from a corporate site could be coupled with service personnel information for a much enriched study. 2. "Future research should not only test vigilance, grudge-holding, retaliation, and fear as consequences of powerlessness, but also as alternative consequences to service failure" page 67. 3. Rude customer service personnel seem to enhance feelings of subordination among complainers. The effects of rude service personnel require systematic study if for no other reason than for the damage done. 4. Hyperbole is common in accounts given by those who feel powerless and may be due in part to hyper-vigilance. Innocent personnel actions may then get mislabeled. This pattern (negative halo) deserves attention. 5. Powerlessness needs to be included in the service failure/recovery literature.
<p>Waller, D. S. (2007), "Consumer Offense Towards the Advertising of Some Gender-Related Products," <i>JCS/D&CB</i>, 20, 72-85.</p>	<ol style="list-style-type: none"> 1. Further research should be undertaken varying the context of potentially offensive advertising including product, brand, target audience, timing and media. 2. Measuring levels of offensiveness toward specific advertisements looking beyond age and gender to other demographics and personality characteristics. 3. Cross-cultural research is needed to generalize the findings here. It would not be surprising to find there are differences across some cultures in what is found offensive in advertising.
<p>Von der Heyde Fernandes, D. & Pizzutti dos Santos, C. (2007) "Consumer Complaining Behavior in Developing Countries: The Case of Brazil," <i>JCS/D&CB</i>, 20, 86-109.</p>	<ol style="list-style-type: none"> 1. The place of attributions and emotions in expanding the consumer complaint behavior model is needed. 2. This sample was exclusively graduate business students. Other audiences need to be sampled to confirm the findings. 3. These differences in the Brazilian population should be confirmed in other developing countries.

<p>Aron, D. (2006), "The Effect of Counter-Experiential Marketing Communication on Satisfaction and Repurchase Intention," <i>JCS/D&CB</i>, 19, 1-17.</p>	<ol style="list-style-type: none"> 1. A longitudinal approach which measures the key dependent variables of repurchase and satisfaction <i>a priori</i> would be interesting. 2. This research was scenario-based; an expanded design could allow the use of real world events. 3. The seven point scale should be expanded given that responses were more similar than hoped for. It may be the filler ads also interfered in achieving the expected responses due to short term memory. 4. Print ads were used here, but other formats such as news items, product reviews, positive, negative or neutral messages could be tried.
<p>Taylor, S. A., Hunter, G.L. & Longfellow, T.A. (2006), "Testing an Expanded Attitude Model of Goal-Directed Behavior in a Loyalty Context," <i>JCS/D&CB</i>, 19, 18-39.</p>	<p>Based on identified study limitations, the following were suggested as future directions for research:</p> <ol style="list-style-type: none"> 1. Increase sample size. 2. Include measures of actual behaviors rather than behavioral intentions, 3. Measure the degree to which switching costs or unique knowledge can explain loyalty behavior, 4. Test the effects of frequency and recency on loyalty. 5. Replication of the research given that much of the foundation research derives from consumer research which was applied to a B2B context in this research. 6. Should a direct path be modeled between affect and behavior? Or does affect always operate via an interaction with cognition? 7. Research on the loyalty construct should look to the underlying models of judgment and decision making (J/DM). 8. What are the roles independently and synergistically among desires, Perceived Behavioral Control (PBC) and/or intentions in terms of motivational content?
<p>Sanchez-Fernandez, R.& Iniesta-Bonillo, M.A. (2006), "Consumer Perception of Value: Literature Review and a New Conceptual Framework," <i>JCS/D&CB</i>, 19, 40-58.</p>	<ol style="list-style-type: none"> 1. Is value single or multi-dimensional? 2. What are the specific positive and negative components of consumer value? 3. What are the interrelationships among value, quality, price, satisfaction, loyalty and commitment? 4. "...research might help us to understand the comparative and dynamic nature of value..." (p. 53). 5. What are the influences of cultural values, time frame, place and competition on consumer value?
<p>Jones, M. A. (2006), "A Content Analysis of Customer Satisfaction in Annual Reports," <i>JCS/D&CB</i>, 19, 59-75.</p>	<ol style="list-style-type: none"> 1. A multi-year and larger sample across more industries. 2. Information dissemination studies should include external audiences such as shareholders and investment firms. 3. How much importance does upper management really place on customer satisfaction and its link to short and long term profitability? 4. Do shareholders perceive and understand the link between customer satisfaction and firm performance? 5. Ways to report multiple product/brands and customer satisfaction results are needed.

		6. Is there a relationship between customer satisfaction scores and the dissemination of customer satisfaction information?
Bassi, Francesca & Guido, G. (2006), "Measuring Customer Satisfaction: From Product Performance to Consumption Experience," <i>JCS/D&CB</i> , 19, 76-88.		<ol style="list-style-type: none"> 1. Findings suggest that many aspects of the consumption experience are important both pre and post purchase over and above product performance. These aspects should be included in future research. 2. Two other versions of this scale (convenience and specialty goods) need to be tested. 3. Including a measure of customer involvement or emotional involvement in all the stages of pre and post purchase. 4. Further use of latent class models rather than factor analysis for ordinal scales.
Thota, S. C. & Wright, N.D. (2006), "Do Consumers Hold Grudges and Practice Avoidance Forever? A Markov Chain Model of the Decay of Grudgeholding and Avoidance Attitudes," <i>JCS/D&CB</i> , 19, 89-102		<ol style="list-style-type: none"> 1. Empirical testing of the model of attitude change of grudgeholders. 2. Inclusion of various social and environmental factors such as the role of strong emotions.
Blodgett, J., Hill, D. & Bakir, B. (2006), "Cross-Cultural Complaining Behavior? An Alternative Explanation," <i>JCS/D&CB</i> , 19, 103-117		<ol style="list-style-type: none"> 1. Research into the effects of structural and competitive factors such as consumer legislation, retail policies, and industry structure on consumer behavior such as complaining, sabotage, and WOM. 2. Control for confounds such as value of the product.
Juhl, H. J., Thogersen, J. & Poulsen, C.S. (2006), "Is the Propensity to Complain Increasing Over Time?" <i>JCS/D&CB</i> , 19, 118-127.		<ol style="list-style-type: none"> 1. This measure did not capture variations in the gravity of the situation or in the external conditions which may influence the propensity to complain. 2. What is the link between dissatisfaction and complaint behavior? 3. Explanatory rather than descriptive research should also focus on the consumer dissatisfaction threshold. 4. A move toward a more comprehensive model of complaint may include attitudinal, normative, and control variables as well as person and situational variables.
Audrain-Pontevia, A. (2006), "Kohonen Self-Organizing Maps: A Neural Approach for Studying the Links Between Attributes and Overall Satisfaction in a Services Context," <i>JCS/D&CB</i> , 19, 128-137.		<ol style="list-style-type: none"> 1. This research applies KSOM neural network approach which revealed complex (rather than linear) relationships in consumer attribute evaluation to overall satisfaction. This needs to be replicated for other product types both in consumer and B2B contexts. 2. Additionally, why does a particular attribute belong to a specific attribute category?

<p>Otto, S. D., Payne, C.R., Parry, B.L. & Hunt, H.K. (2005), "Complimenting Behavior—The Complimenter's Perspective," <i>JCS/D&CB</i>, 18, 1-31.</p>	<ol style="list-style-type: none"> 1. This study points to the fact that research and respondent coding of incidents lead to real differences in understanding of the behavior studied.
<p>McColl, R., Mattsson J. & Morley, C. (2005) "The Effects of Service Guarantees on Service Evaluations During a Voiced Complaint and Service Recovery," <i>JCS/D&CB</i>, 18, 32-50.</p>	<ol style="list-style-type: none"> 1. Testing of different service guarantees with varying company information. 2. Expand the types of service providers. 3. Encouraging complaints and the effects of doing so for a firm.
<p>Salegna, G. J. & Goodwin, S.A. (2005), "Consumer Loyalty to Service Providers: An Integrated Conceptual Model," <i>JCS/D&CB</i>, 18, 51-67.</p>	<ol style="list-style-type: none"> 1. There is relatively little research on customer loyalty to a service provider. More is needed. 2. This research proposed a model of loyalty as a multidimensional construct composed of affect, behavior, and cognition. Empirical research to test the model and the interrelationships is needed. 3. "The synergistic effect of various loyalty development programs on customer loyalty... is also an area ripe for further research." 4. What are the linkages between relationship involvement, emotional commitment and service loyalty? 5. These relationships should be explored in the B2B setting as well.
<p>Palan, K. M. & Teas, R.K. (2005), "An Examination of Measurement Context and Representational Effects of Consumer Expectations," (2005), <i>JCS/D&CB</i>, 18, 68-93.</p>	<ol style="list-style-type: none"> 1. As research has shown there is a difference between durable and non-durable goods in regard to variable relationships in the disconfirmed expectations theory. Durable goods should be tested under the same conditions as this research.
<p>Hicks, J. M., Page, T.J., Jr., Behe, B.K., & Fernandez, R.T. (2005), "Delighted Consumers Buy Again," <i>JCS/D&CB</i>, 18, 94-104.</p>	<ol style="list-style-type: none"> 1. Study of the moderating effect of information on a specific product rather than a product category for satisfaction and repurchase intention. 2. The effect of price on post consumption processes.

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SATISFACTION, REGRET, AND STATUS QUO EFFECTS ON THE FORMATION OF CONSUMER LOYALTY

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ABSTRACT

Consumer loyalty continues to be an important marketing consideration. A model of consumer loyalty is proposed that furthers efforts to model satisfaction-based explanations of consumer loyalty formation within emerging goal-directed, attitude-based models of judgment and decision making. The results of an empirical study support the proposed model of the process of loyalty formation, yielding benefits that include (1) helping to reconcile loyalty explanations with models of judgment and decision making; (2) contributing to identifying the unique roles of anticipated regret, anticipated emotions generally, and satisfaction judgments in the process; (3) demonstrating the need to consider status quo effects as a moderator to loyalty formation; and (4) suggesting the possibility of status quo effects influencing the role of many other concepts in explanations of loyalty formation. The managerial and research implications of the reported study are explicated and discussed.

INTRODUCTION

Consumer loyalty continues to represent an important area of marketing inquiry (Oliver 1999, 2010; Evanschitzky and Wunderlick 2006; Taylor et al. 2006; Gentry and Kalliny 2008; Han et al. 2008). A study is reported that considers how the decision to be loyal to an automobile insurer following a "poor" service experience forms in terms of satisfaction and more general attitude-based social psychological and judgment and decision making (J/DM) theories. First, existing theories of the formation of loyalty behaviors to services are briefly reviewed. This review suggests that while models of loyalty intention formation should recognize both cognitive and affective influences, many existing conceptualizations fail to explicitly recognize and/or differentiate such influences. An alternative perspective linked more explicitly to social psychology and J/DM theories is advocated

for marketers that purports to better capture and differentiate cognitive and affective antecedents in the formation of loyalty behaviors. Second, an argument is presented for hypothesizing the well-known status quo effect as a potential moderating influence on such processes. Third, the methods and results of a study to test the hypotheses derived from the theoretical arguments are presented. Finally, the managerial and research implications of the study results are explicated and considered.

THEORY

Oliver (1999, p. 34) provides a constitutive definition of loyalty as, "...a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, *despite* (italics not added) situational influences and marketing efforts having the potential to cause switching behavior." Oliver further concurs that it is unwise to infer loyalty specifically from repetitive purchase patterns (behaviors), instead calling for the assessment of consumer beliefs, affect, and intention within the context of traditional consumer attitude structures. Oliver (1999) envisions four stages of loyalty related to attitude dimensions (cognitive, affective, conative, and action), and argues that consumers can be loyal at each phase relating to different elements of the attitude development structure. In addition, different factors can influence each loyalty phase. Key to Oliver's arguments is the notion of fortitude, defined as the degree to which consumers fight off competitive overtures on the basis of their allegiance to the brand and not on the basis of marketer-generated information. The current study builds upon this perspective through the lens of emerging J/DM and attitude theories.

Oliver's (1999) conceptualization of loyalty has started to receive empirical validation. For

example, Harris and Goode (2004) provide empirical evidence supporting Oliver's (1999) four stage loyalty conceptualization (i.e., cognitive loyalty → affective loyalty → conative loyalty → action loyalty) and suggest the importance of trust within the process. Evanschitzky and Wunderlich (2006) assert that three popular conceptualizations of loyalty exist: (1) as an attitude that leads to a relationship with a brand; (2) as a concept expressed through revealed behavior (e.g., patterns of past purchases); or (3) buying motivated by the individual's characteristics, circumstances, and/or purchase situation. Evanschitzky and Wunderlich (2006) assess a four-stage model identifying a causal order of action loyalty formation consistent with Oliver's (1999) view. These authors also consider a variety of potential moderators of these relationships and conclude that age, income, education and expertise, price orientation, critical incident recovery, and loyalty card membership moderate the four-stage loyalty model.

Han et al. (2008) assert that existing research on the determinants of service loyalty have taken three paths: quality/value/satisfaction, relationship quality, and relational benefits. These authors propose and empirically validate a model of service loyalty that treats customer satisfaction, commitment, trust, service fairness, commercial friendship, and service quality as antecedent exogenous influences on Oliver's four-stage loyalty model. Critical to their conceptualization are the arguments that (1) behavioral loyalty (the highest form of loyalty) is directly determined only by loyalty intentions, and (2) cumulative satisfaction (defined as pleasurable fulfillment) represents a meta-evaluation of service performance and the relationship over time thereby serving as a key initial exogenous influence in the loyalty formation process. These perspectives generally highlight the importance of cognitive and affective influences on loyalty intention formation, in addition to other potential influences (e.g., trust, satisfaction, commitment). However, these models arguably represent only a starting place in efforts to better understand the relative roles of affect and cognition within the process of loyalty formation.

Two models do exist that appear to more explicitly consider (volitional) cognitive and affective roles in loyalty behaviors. The first is that of Dick and Basu (1994) who propose

conceptualizing customer loyalty as the strength of the relationship between an individual's relative attitude and repeat patronage. Their theoretical model explicitly considers both affective and attitudinal elements. However, their concept of a "relative attitude" also suggests an emphasis on congruence between a current consumer attitude and some standard. Potential congruence processes vis-à-vis consumer loyalty have yet to receive much attention in the service marketing literature. The second is Taylor et al.'s (2006) model suggesting that loyalty be based upon the Theory of the Mind (ToM) as an explanation of behavioral intention formation. These authors assert that consumer explanations of loyalty behaviors should reconcile with more general models of social psychology and J/DM found across social sciences. Given Han et al.'s (2008) argument of the primacy of behavioral intention in the formation of loyalty behaviors, the ToM appears appropriate as it represents a widely accepted and well-studied general model of intention formation within the context of social cognition and J/DM.

Theory of the Mind (ToM)

Briefly, Malle et al. (2001) describe how the folk notion of the ToM most basically conceptualizes the process of intended human behavior formation as (desire → intention → behavior).¹ Malle and Knobe (2001) describe this perspective as consistent with more general social psychological efforts to develop a commensurable conceptual framework that helps people perceive, explain, predict, and change human behavior by reference to mental states. Malle et al. (2001) establish the link to intentionality as a foundation for social cognition because intentionality's

¹ To be fair, a reviewer noted that the AIDA (Attention – Interest – Desire – Action) Model was developed early in marketing to represent the stages a salesperson must take a customer through in the personal-selling process (Strong 1925). In fact, Sheldon (1925) included satisfaction judgments as part of this model (AIDAS). Communication models today with their foundations in the AIDA model are represented by response hierarchy models such as the information processing model (McGuire 1978). However, consumer loyalty models have not readily built upon the communications/selling (or more general cognitive/affective) perspective to date. The current research purports to more fully consider cognitive (and affective) models in motivation and intention formation.

constituent parts represent basic mental categories such as beliefs, desire, and awareness.

In this view, “intentionality” is a quality of actions, whereas “intentions” are an agent’s mental states that represent such actions. Malle and Knobe (1997, p. 111) describe the folk concept of intentional action as follows: “... performing an action intentionally requires the presence of five components: a desire for an outcome; beliefs about an action that leads to that outcome; an intention to perform the action; skill to perform the action; and awareness of fulfilling the intention while performing the action.”

The author asserts that, other than Taylor (2006), existing marketing conceptualizations of consumer loyalty may not be entirely consonant with the ToM perspective as there seems no obvious explicit recognition of a number of the identified prerequisites for explanations of intended actions (e.g., desire, skill, awareness). Perhaps one could argue that beliefs are generally captured through service quality perceptions (i.e., performance evaluations), or the various forms of loyalty attitudes, and/or even within attribute-based cumulative satisfaction judgments in the identified loyalty models. None-the-less, it appears noteworthy to recognize that only Taylor et al.’s (2006) conceptualization of service loyalty appears to explicitly capture the important role of desires (essentially representing motivation) in the intention formation process. Wrenn (2010) argues that “desire” is the attitude of really wanting something to be the case, wholeheartedly, and upon reflection over all the relevant considerations. This appears an important conceptual gap given Belk et al.’s (2003) argument that desire is the motivating force behind much of contemporary consumption. Malle and Knobe (2001) distinguish desires as (wish, hope, want) from intentions (decide, plan, intend) within the context of the ToM -- both desires and intentions are representational mental states, both express a pro attitude toward the state of affairs they represent, and both frequently propel an agent to act in such a way as to bring about that state. However, a desire does not involve a decision to perform the action in question whereas an intention does. Thus, intentions theoretically mediate the relationship between desires and actions within the ToM.

The Research Model

Consequently, the current research builds upon Taylor et al.’s (2006) model of consumer loyalty.² This conceptualization arguably offers a number of advantages over the alternatives identified in the previous section. First, it provides a theoretical explanation consistent with Oliver’s (1999) call for assessment of consumer beliefs, affect, and intentions within the context of traditional attitude structures when studying loyalty. Second, the model is consistent with the ToM and J/DM literatures as broader social psychological theoretical frameworks. Third, consumer attitudes are conceptualized in this research stream based upon Voss et al.’s (2003) distinction between hedonic and utilitarian dimensions. This both extends traditional attitude approaches and begins to help sift out cognitive versus hedonic influences within the process. Fourth, additional measures of affective influences are included in their model in the form of positive and negative anticipated emotions (AE’s). Fifth, their model preserves the conclusion of Han et al. (2008) that loyalty behaviors are most directly related to loyalty intentions.

The current research begins by adopting a perspective of the process of loyalty formation consistent with that of Taylor et al. (2006). Hypotheses H1-H4 represent specific exogenous influences on consumers’ desires to be loyal related to (hedonic and utilitarian) attitudinal and (positive and negative) AE’s, while H5-H7 reflect the expected loyalty outcomes of consumer desires based upon the arguments of ToM (Oliver 2010, Taylor et al. 2006).³

² Taylor et al.’s (2006) model was originally based upon Perugini and Bagozzi’s (2001) Model of Goal-Directed Behavior. Also, see Taylor (2007) for a more thorough explanation of the linkages between the Model of Goal-Directed Behavior and J/DM theory.

³ Readers will note that the additional exogenous influences of Perceived Behavioral Control, Subjective Norms, and Frequency of Past Behavior are not included in the current research. These additional explanatory exogenous influences were excluded due to issues related to overall model size (in terms of captured constructs). In short, the overall model is becoming too large to (1) avoid respondent fatigue in data collection, and (2) empirically assess with confidence using structural equation models. Thus, the focus of the model is primarily on explaining loyalty intentions and not the desire to be loyal.

- H1: Desire_{be loyal} is positively related to Attitude_{utilitarian}
- H2: Desire_{be loyal} is positively related to Attitude_{hedonic}
- H3: Desire_{be loyal} is positively related to Emotion_{anticipated,positive}
- H4: Desire_{be loyal} is positively related to Emotion_{anticipated,negative}
- H5: Intention_{attitudinal/behavioral loyalty} is positively related to Desire_{be loyal}
- H6: Intention_{fortitude loyalty} is positively related to Desire_{be loyal}
- H7: Intention_{fortitude loyalty} is positively related to Intention_{attitudinal/behavioral loyalty}

What about Satisfaction?

Not considering the specific causal role of customer satisfaction in cognitive and affective explanations of loyalty formation ignores a great deal of evidence in the marketing literature (Oliver 2010). Han et al. (2008) asserts that one of the popular theoretical perspectives for explaining loyalty has emphasized quality/value/satisfaction. This perspective appears based largely on the argument that (cumulative) satisfaction represents a meta-evaluation of service performance and the relationship over time thereby suggesting its role as a key initial exogenous influence on the loyalty formation process. This issue was not addressed in Taylor et al.'s (2006) model. Unfortunately, how best to conceptualize satisfaction (e.g., attitude, emotion, etc.) and the role of satisfaction in consumer decision making processes remains incompletely understood. Bagozzi et al. (2002, pp. 64-65) state, "The centrality of satisfaction in consumer research is perhaps more due to being the first emotion to receive scrutiny in post-purchase behavior research than to constituting a unique, fundamental construct in and of itself. Indeed, it is likely that – depending on the situation, product, and person – other positive and negative emotions are more important outcomes of purchase. We are uncertain whether a single, summary emotional response such as 'satisfaction' is feasible or even desirable."

Thus, it would appear that the perspective of Bagozzi and colleagues is that satisfaction is best considered an emotion. Oliver (2010) counters by offering a different perspective. Oliver concurs that researchers now recognize that emotional responding is inherent in satisfaction construction. In fact, consumers can respond emotionally in anticipation of purchase and usage, during usage, after usage, in anticipation of repeat usage, or even vicariously through the usage of others. However, Oliver views satisfaction as a response causally juxtapositioning emotions and cognition. In his view, cognitions and emotions precede ultimate satisfaction responses, although their specific position within nomological nets of behavioral processes such as loyalty remains unclear. In response to the perspective that satisfaction is specifically an emotion, Oliver (2010, p. 342) responds, "If one insists on referring to satisfaction as an emotion, then it must be concluded that it is a hybrid cognition-emotion not well described in the psychological literature."

The current study endeavors to help clarify this process. Taylor (2008) argues for reconciling satisfaction with attitude-based models of J/DM consistent with the perspective of Han et al. (2008) that satisfaction is best included as an exogenous influence on the formation of behavioral responses. More specifically, Taylor (2008) argues for including satisfaction as a unique exogenous influence that indirectly influences behavioral intentions through the mediating influence of desires. This theoretical perspective does not appear inconsistent with the perspectives of either Bagozzi or Oliver (see H8). In addition, the current research models the traditional marketing perspective that satisfaction judgments directly affect loyalty intentions as H9-H10.

H8: Desire_{be loyal} is positively related to Satisfaction.

H9: Intention_{attitudinal/behavioral loyalty} is positively related to Satisfaction.

H10: Intention_{fortitude loyalty} is positively related to Satisfaction.

Loyalty (Switching Behavior), Anticipated Regret, and the Status Quo Effect

Another important influence in the formation of customer loyalty that cannot be ignored in such models involves anticipated regret (AR). AR is linked to loyalty through an influence on switching behaviors (Inman and Zeelenberg 2002). Zeelenberg and Pieters (2004) argue that emotions have a direct impact on behavior over and above the effects of dissatisfaction, leading them to call for the treatment of AR as an independent exogenous influence on models of consumer decision making. In fact, Ratner and Herbst (2005) present evidence that an emotional reaction to a negative outcome can even lead people to switch away for the options they believe are most likely to be successful on the next occasion. Bui et al. (2011) presents results indicating that regret decreases consumer satisfaction levels and increases brand switching intentions. In addition, their results suggest that negative emotion acts as a partially mediating variable between the effect of regret on satisfaction levels.

One way that the role of AR expresses itself in consumer decision making is through the status quo effect. Tsiros and Mittal (2000) argue that consumer comparisons between chosen and foregone alternatives can influence consumer behavior via regret. Regret generally has a negative influence on satisfaction, and brand switching may occur even with satisfied customers. These authors distinguish regret from satisfaction, demonstrate they have differential influences on consumer intention formation, posit satisfaction as a mediator between regret and intention formation, conclude that generation of counterfactuals is the cognitive mechanisms that engenders regret, and assert that counterfactuals are most likely to be generated when the chosen outcome is negative and not the status quo. Inman and Zeelenberg (2002) present evidence that feelings of regret are mitigated when the consumer reflects and concludes that the decision was appropriate under the circumstances.

Taylor (2007) presents an empirical study that broadens the Model of Goal Directed Behavior (Perugini and Bagozzi 2001) to include AR as an explanatory variable independent of other anticipated emotions. AR is specifically identified for a number of reasons, including (1) how commonly feelings of regret occur and how

influential they can be on decision making under risk, (2) our growing understanding of emotion specificity and the consequent need for “emotion specific” research,⁴ and (3) the fact that the Model of Goal Directed Behavior does not preclude the consideration of other influential emotions.⁵ AR is defined here as a prediction of consequences of decision making under risk that arises when, after the decision has been made, the decision maker predicts that (s)he will ultimately conclude that they may have made the wrong decision.⁶ The results of Taylor (2007) demonstrate that AR is positively related to and increases the R² associated with desires. AR has also been associated with consumer loyalty (Bui et al. 2011, Heitmann et al. 2007). H11-H14 reflect these findings in the current research.

H11: Satisfaction is negatively related to AR

H12: Desire_{be loyal} is negatively related to AR

H13: Intention_{attitudinal/behavioral loyalty} is negatively related to AR

H14: Intention_{fortitude loyalty} is negatively related to AR

The current study also considers the potentially moderating influence of a status quo effect as identified by Tsiros and Mittal (2000) in the formation of loyalty intentions. Anderson (2003) asserts that the experience of postponing and avoiding certain choices is universal, yet often appears to work against the goals of individuals. None-the-less, individuals persist in seeking default no-action, no-change options (i.e., a *status quo effect*). Zeelenberg et al. (2002) similarly assert that one of the central issues in regret research concerns the question of whether people

⁴ Readers are directed to Yiend (2010) and Mauss and Robinson (2009) for recent reviews of the literature related to emotion specificity.

⁵ Taylor (2007) argues that AR is a particularly attractive candidate for broadening the MGB because (1) studying other negative emotions such as disappointment or anger in models predicting behaviors does not ensure generalizability in terms of how regret operates in such models, and (2) AR is believed to not only strengthen intention, but also increase the likelihood that the intention will be acted upon.

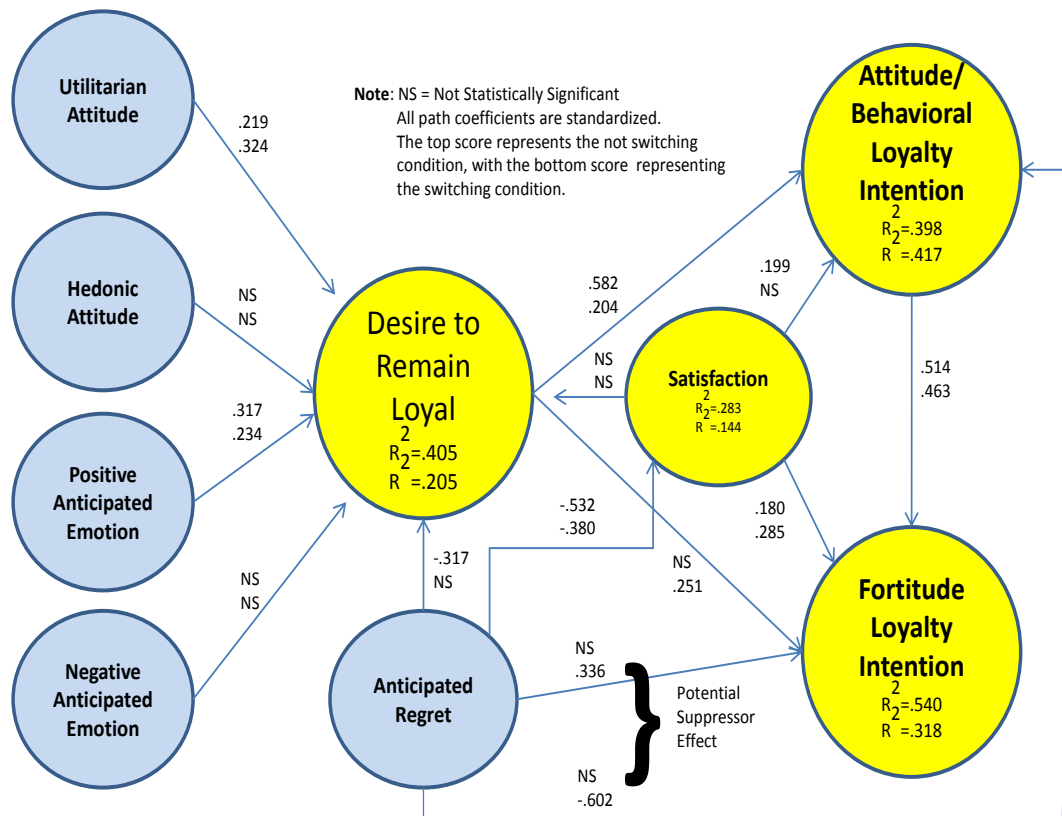
⁶ Readers are directed to the following sources to learn more about AR and its role on models of J/DM: (Abraham and Sheeran 2003, Conner et al. 2006, Sandberg and Conner 2008, Jurasova and Spajdel 2011).

regret the actions they have taken more than the actions they have foregone (i.e., inactions). Gilovich and Medvec (1995) state that the association of more regret with actions taken than those foregone (i.e., *the action effect*) is one of the clearest and most frequently replicated finding in regret studies. The important roles of AR and the status quo effect have also been observed specific to an insurance context as assessed in the current research (Shefrin and Statman 1985, Avni-Babad 2003). Consequently, H15 reflects the anticipation of an action-based Status Quo effect specific to AR in the formation of consumer loyalty intentions.

H15: The Status Quo effect moderates relationships related to AR in the loyalty model proposed here.

The current research concludes by considering the possibility of an action effect on the model constructs in Figure 1 other than AR. That is, if AR varies based on antecedent consumer (in)actions, and if AR influences and/or is related to other constructs in the formation of loyalty intentions, then it does not appear speculative to anticipate other model constructs might similarly vary. In other words, the current research considers the possibility that the Status Quo effect may be more generalized than previously considered. This possibility appears consistent with Preston et al.'s (2011) findings that judgment of actions may be automatically distorted and that these inferences arise from the expected consistency between intention and action in agency.

Figure 1
The Results



In addition, given the growing recognition of interactivity in cognitive/affective explanations of consumer behaviors (e.g., loyalty) and the relatively progressive nature of lower to higher forms of loyalty, the possibility of observing more generalized action/inaction effects does not appear speculative. Consequently, H16 reflects the

potential for a more general action-related Status Quo effect in the formation of consumer loyalty intentions. Table 1 presents the research hypotheses assessed in this study.

H16: A general Status Quo Effect exists across loyalty model constructs considered here.

TABLE 1
The Research Hypotheses

Hypothesis Number	Hypothesis	Results Confirmed?
1	Desire _{be loyal} is positively related to Attitude _{utilitarian}	Yes for Non-Action Scenario Yes for Action Scenario
2	Desire _{be loyal} is positively related to Attitude _{hedonic}	No for Non-Action Scenario No for Action Scenario
3	Desire _{be loyal} is positively related to Emotion _{anticipated, positive}	Yes for Non-Action Scenario Yes for Action Scenario
4	Desire _{be loyal} is positively related to Emotion _{anticipated, negative}	No for Non-Action Scenario No for Action Scenario
5	Intention _{attitudinal/behavioral loyalty} is positively related to Desire _{be loyal}	Yes for Non-Action Scenario Yes for Action Scenario
6	Intention _{fortitude loyalty} is positively related to Desire _{be loyal}	No for Non-Action Scenario Yes for Action Scenario
7	Intention _{fortitude loyalty} is positively related to Intention _{attitudinal/behavioral loyalty}	Yes for Non-Action Scenario Yes for Action Scenario
8	Desire _{be loyal} is positively related to Satisfaction	No for Non-Action Scenario No for Action Scenario
9	Intention _{attitudinal/behavioral loyalty} is positively related to Satisfaction	Yes for Non-Action Scenario No for Action Scenario
10	Intention _{fortitude loyalty} is positively related to Satisfaction	Yes for Non-Action Scenario Yes for Action Scenario
11	Satisfaction is negatively related to AR	Yes for Non-Action Scenario Yes for Action Scenario
12	Desire _{be loyal} is negatively related to AR	Yes for Non-Action Scenario No for Action Scenario
13	Intention _{attitudinal/behavioral loyalty} is negatively related to AR	No for Non-Action Scenario Yes for Action Scenario
14	Intention _{fortitude loyalty} is negatively related to AR	No for Non-Action Scenario No for Action Scenario (likely an observed suppression effect)
15	The Status Quo effect moderates relationships related to AR in the loyalty model proposed here.	Confirmed
16	A more general Status Quo Effect exists across the loyalty model constructs considered here.	Confirmed

METHODS

Respondents derived from students taking large section Introduction to Marketing courses at a medium/large-sized university in the Midwest of the United States. A total of 181 respondents

participated in the study in order to receive extra course credit. Young adult student samples are frequently used in regret and/or insurance studies (Avni-Babad, 2003; Bui et al., 2011; Herrero et al., 2006; Hsee and Kunreuther, 2000; Inman et al., 1997; Jurasova and Spajdel, 2011; Papon,

2008), especially when internal validity concerns trump external validity. The study utilized a self-report survey design that included scales of the relevant constructs of interest from the literature. Appendix B presents the measures used for the study, as well as associated reliability and validity scores for the survey measures. In addition, discriminant validity tests were conducted based on the possibility of confounding between measured variables in the model. For example, Watson and Clark (1991) identify the presence of substantial general factor variance in peer ratings of emotional traits; however, they also find that

most of the scales demonstrate significant discriminant validity. Discriminant validity tests were conducted by comparing the average variance-extracted values for paired constructs with the square of the correlation estimate between the two constructs. As the variance-extracted estimates are greater than the squared correlation estimate in every case, good evidence is apparent of discriminant validity (Hair et al. 2010). Table 2 presents a latent factor correlation matrix of the constructs involved in this study.

TABLE 2
Intercorrelations/Discriminant Validity

	1	2	3	4	5	6	7	8	9
1. Attitude _{Utilitarian} (9-point scale)	3.6/2.8								
2. Attitude _{Hedonic} (9-point scale)	.55/.29	2.6/2.36							
3. Emotion _{AnticipatedPositive} (11-point scale)	.32/.11	.40/.21	2.1/2.1						
4. Emotion _{AnticipatedNegative} (11-point scale)	-.28/ .20	-.19/-.20	-.34/ .25	7.1/7.8					
5. Desire (9-point scale)	.43/.37	.29/.22	.46/.28	-.25/ .12	2.5/1.7				
6. AR (11-point scale)	-.33/ .29	-.11/-.28	-.20/ .39	.41/.64	-.46/ .18	7.3/9.2			
7. Satisfaction (9-point scale)	.51/.22	.32/.18	.51/.24	-.39/ .32	.44/.20	-.52/ .36	2.8/2.5		
8. Loyalty Intention _{Attitude/ Behavioral} (9-point scale)	.33/.24	.22/.20	.35/.28	-.25/ .39	.63/.30	-.31/ .61	.42/.20	2.8/2.0	
9. Loyalty Intention _{Fortitude} (9-point scale)	.35/.17	.21/.11	.34/.14	-.29/ .09	.55/.38	-.43/ .09	.51/.31	.69/.39	2.6/ 2.0

The scores on the diagonal represent the factor mean (no action/action). The scores in an off-diagonal cell represent the inter-correlations between latent concepts (no action/action).

Hypotheses were tested using the MPlus 6.2 and SPSS18 statistical software packages. The research employed a within-subjects design where students assessed two scenarios, one involving a consumer action and one involving a consumer decision not to act in response to a marketing advertisement (see Appendix A for an example of the scenarios). The order of the scenarios was varied across respondents with no

order effects observed. The respondents were randomly organized into large section lecture halls, and distributed randomly ordered scenario packets. Students were instructed to take only the top packet with no trading of packets allowed. Respondents were walked through the data collection packets systematically, with graduate assistants monitoring the data collection efforts. Respondents were not allowed to converse with one another during the data collection process.

Insurer brands were identified by a letter and simply identified as “better” or “worse” to avoid confounding with specific brand experiences. The names of the fictional characters in the scenarios were also randomly presented to attenuate any potential response bias associated with the names of respondents. All scenarios were framed in such

a way that a “bad outcome” resulted regardless of the scenario choice. Scenarios are commonly used in this area of inquiry (e.g., Hetts et al. 2000; Inman and Zeelenberg 2002; Zeelenberg et al. 2002; Zhang et al. 2005).

TABLE 3

Goodness of Fit Indices Associated with the Research Models

Model	χ^2	df	P-Value	RMSEA	CFI	TLI	SRMR
<i>Confirmatory Factor Analyses</i>							
Subsample Assessing Non-Action Scenario	1014.173	558	.000	.074	.898	.885	.057
Subsample Assessing Action Scenario	923.368	459	.000	.083	.857	.835	.067
<i>Predictive Model Assessments</i>							
Subsample Assessing Non-Action Scenario	1065.042	570	.000	.077	.889	.878	.093
Subsample Assessing Action Scenario	963.719	471	.000	.084	.848	.829	.078

RESULTS

Confirmatory factor analyses (CFA) using structural equation analyses (SEM) validated acceptable fit of latent variable measurement models in the obtained data (see Table 3). The bulk of the research hypotheses relate to predictive relationships within the hypothesized process of loyalty formation (H1-H14, see Figure 1). The overall model fits appear acceptable suggesting that the data is not inconsistent with the theoretical model (see Table 3). In addition, the amount of explained variance for model endogenous constructs appears noteworthy (see Figure 1). Two sets of scores are observed in Figure 1. The top scores reflect the model relationships associated with the scenario where the individual chooses not to switch in response to an advertisement prior to experiencing a poor service experience. The bottom scores

reflect the scenario where the individual chooses to switch prior to their consumer experience.

A word of caution is in order prior to interpreting the results reported here. Readers will note an unusual pattern of results in Figure 1 related to the relative influences of AR on the two forms of loyalty considered. Specifically, AR appears to exert both a strong negative influence on Attitude/Behavioral Loyalty Intention (as predicted in H13), and an unanticipated positive influence on Fortitude Loyalty Intention (inconsistent with H14). The likely explanation is that the influence is AR on Fortitude Loyalty intention is being suppressed in the model. Cohen et al. (2003) assert that suppressor variables are common in behavioral science research. Hair et al. (2010) discuss circumstances where there is an apparent unanticipated sign reversal in a predictive relationship, which is what is observed here. Hair et al. (2010) assert that this occurs

because the ‘true’ relationship between an independent and dependent variable(s) has been hidden in the bivariate correlation. Thus, a suppressor effect can be reflected in a sign reversal of the weaker independent variable in terms of its correlation with the dependent variable. Table 2 demonstrates that the correlation between AR and Loyalty Intention_{Attitude/Behavioral} is $r = -.39$ in the case of the Action Scenario, while the correlation between AR and Loyalty Intention_{Fortitude} is only $r = -.09$. This likely accounts for the unanticipated reversal of the sign on the observed results related to loyalty intentions in Figure 1. Interested readers are directed to MacKinnon et al. (2000) for a more detailed discussion of suppressor effects. In summary, *readers are cautioned to consider disregarding the observed relationship of $\beta = .336$ between AR and Loyalty Intention_{Fortitude} observed in Figure 1.*

Statistically significant relationships associated with H1-H14 within the model appear to vary between the two status-quo decisions.⁷ First, Desires appear to form somewhat differently depending on Status Quo decision. There is a measure of consistency in terms of the original MGB exogenous influences between the two models, reflecting that Attitude_{utilitarian} and Emotion_{positive anticipated} both appear to be primary driving influences on the Desire to remain loyal to an insurer for this cohort. Attitude_{hedonic} and Emotion_{negative anticipated} are not statistically related to Desires in either case. However, there also appears a negative influence of AR on Desires

only in the case of maintaining status quo (not switching in response to an advertisement). Thus, AR via the Status Quo effect appears to influence desires (as motivation) to be loyal to their insurer only when respondents ignore the advertisement as a marketing stimuli with this sample (i.e., did not switch prior to a poor outcome). However, the respondents who did change their insurer when given a chance (i.e., did switch prior to a poor outcome) did not express a significant impact of AR on their desire (motivation) to be loyal to their new insurer. These influences account for twice the explained variance (R^2) in the desire to remain loyal to an insurer in the status quo condition ($R^2 = .405$) than in the non-status-quo condition ($R^2 = .205$). *This appears to support the presence of a Status Quo Effect as described by H15 in the current research.*

Second, consistent with the results of Taylor et al. (2006), the Desire to maintain loyalty is positively related to both lower-level Attitude/Behavioral Loyalty and higher-level Fortitude Loyalty, except in the case of no change in status quo (not changing insurers prior to the poor outcome). Thus, the desire to remain loyal appears to consistently affect lower forms of loyalty regardless of status quo condition, but only directly affect Fortitude in the presence of a change of status quo (post marketing influenced change in service providers). *This suggests that the impact of the Desire to remain loyal appears to generate both direct and indirect influences on the various levels of consumer loyalty.* The ability of the model proposed here to predict both forms of loyalty in the model represent defensible R^2 's.

Third, the model appears to contribute to helping better understand the role of satisfaction within the process of consumer loyalty formation. Taylor (2008) discusses the potential role of consumer satisfaction within a ToM conceptualization of consumer decision making, arguing that post-encounter satisfaction judgments influence the exogenous influences on future consumer Desires. The current research identifies no direct influence of Satisfaction on Desires in the study's scenario-based setting, which may not be inconsistent with the longitudinal process view described by Taylor (2008). *Consequently, the results from this study do not appear to support Taylor's (2008) speculation of the role of Satisfaction as a direct exogenous influence on consumer Desires to be loyal in attitude-based*

⁷ Readers will note that another test to assert that the paths between the conditions of Status Quo versus non-Status Quo decision making using within-subject data are different is to estimate both models within a single run of MPlus, and then compare constrained versus non-constrained χ^2 model differences. This allows for the test of the hypothesis that adding the constraint of item equivalence across the two models should (statistically) diminish model fit if in fact the paths are truly different. However, the problem that occurs with such a test given the complicated model presented as Figure 1 is that it requires a very large sample size to appropriately estimate. The sample size for this study is not sufficiently large to confidently validate the identified hypothesis because (1) the standard errors of the model parameter estimates may not be trustworthy due to non-positive definite first-order derivative product matrix, and (2) the model may not be identified. Consequently, these indices were not offered as additional evidence in the original study despite the fact that these tests were conducted and supported the reported results.

models of J//DM under conditions of either status quo or non-status quo in a cross-sectional study. However, the antecedents to the Desire to remain loyal may be mediated by past satisfaction judgments. The current study further reports evidence supporting the consistent finding in the bulk of the service marketing literature that identifies a direct role of satisfaction judgments on loyalty behaviors in cross-sectional studies.

Fourth, the influential role of AR in the formation of consumer loyalty intentions is identified, consistent with the more general findings of Taylor (2007). Satisfaction is negatively related to AR in the current research regardless of status quo condition. The current research thereby appears consistent with Tsiros and Mittal's (2000) argument that satisfaction serves as a partial mediator between AR and loyalty intentions. In addition, AR is found to offer interesting direct influences on the two

forms of loyalty identified in the current research. AR is strongly negatively related to the lower form of Attitude/Behavioral Loyalty Intention ($\beta = -.602$), but only under the condition of a change in status quo. Conversely, however, AR is positively related to Fortitude Loyalty Intention as a direct influence ($\beta = .336$). However, again, this finding is suspect due to potential suppression effects. Thus, *the influential role of AR in loyalty formation as a status quo effect is validated by the results*. In addition, not surprisingly, Fortitude is positively related to lower forms of loyalty regardless of status quo conditions. It therefore is reasonable to conclude that the important contributions of both Satisfaction and Desires in the formation of loyalty intentions appear supported by the data.

TABLE 4

A Consideration of Alternative Models

Condition	Model	χ^2	df	χ^2 Difference	Standard at $p=.05$	Interpretation
Status Quo (No Switch)	Full Figure 1	963.714	471	24.559@4	9.49	In every case the evidence suggests that there are statistical differences between assessed models. Thus, the models fit better with the hypothesized AR and satisfaction paths included.
	Satisfaction Paths Fixed	988.273	475	df		
	AR Paths Fixed	1015.193	474	48.939@3	7.82	
Non-Status Quo (Switch)	Full Figure 1	1065.042	570	50.562@4	9.49	
	Satisfaction Paths Fixed	1115.604	574	df		
	AR Paths Fixed	1079.077	573	14.035@3		

Hershberger (2006) notes the importance of identifying equivalent models because of the limitations of structural equation modeling to test theories. Equivalent models are defined as a set of models, independent of the data, that yield identical (a) implied covariance, correlation, and other moment matrices when fit to the same data, which in turn imply identical (b) residuals and fitted moment matrices, (c) fit functions and χ^2

values, and (d) goodness-of-fit indices based on fit functions and χ^2 (Hershberger 2006, page 15). Therefore, χ^2 difference tests were conducted between the model estimated in Figure 1 and versions where the satisfaction paths or the AR paths were fixed. This tests the hypothesis that inclusion of the paths (as a theoretical concern) is more consistent with the data as expressed through model fit (an empirical concern). If the

model fits are statistically equal or better with the theorized paths between satisfaction and/or AR removed, then the results reported here would not be as persuasive. Table 4 presents the results of these analyses. In every case the evidence suggests that there are statistical differences

between assessed models supporting the conclusions that the models are best presented with the hypothesized AR and satisfaction paths included.

TABLE 5
Paired Comparisons of Model Constructs

	Comparison ¹	Mean	N	Mean Diff	Sig
Pair 1	sat_noact	2.7920	175	.50286	.000
	sat_act	2.2891	175		
Pair 2	regret_noact	7.2961	179	-1.93669	.000
	regret_act	9.2328	179		
Pair 3	pae_noact	2.1000	180	.01296	.936
	pae_act	2.0870	180		
Pair 4	nae_noact	7.9778	180	-.64259	.004
	nae_act	8.6204	180		
Pair 5	desire_noact	2.3422	179	.59637	.000
	desire_act	1.7458	179		
Pair 6	uatt_noact	3.6395	177	.78983	.000
	uatt_act	2.8497	177		
Pair 7	hatt_noact	2.5775	178	.24382	.014
	hatt_act	2.3337	178		
Pair 8	att/beh/loyal_noact	2.8573	177	.78955	.000
	att/beh/loyal_act	2.0678	177		
Pair 9	fortitude_loy_noact	2.5599	181	.70166	.000
	fortitude_loy_act	1.8582	181		

1. Sat=Satisfaction, regret= anticipated regret, pae=positive anticipated emotion, nae=negative anticipated emotion, uatt=utilitarian attitudes, hatt=hedonic attitudes, att/beh/loyal=attitude behavioral loyalty, act=change in status quo, noact=no change in status quo.

H16 is confirmed if construct mean scores other than AR are statistically different between the two status-quo conditions. Table 5 demonstrates that not only are AR scores statistically different between status quo conditions (see Pair 2), thus further supporting H15 by replicating the oft-seen action effect in the

current setting. However, there are also statistically significant differences across the vast majority of other model constructs. There is a clear pattern in the results where positive concepts demonstrate an inaction effect, whereas negative concepts exhibit an action effect. These results are consistent with those of Albarracín and Hart (2011)'s interactive model of action.

Readers are reminded that this study specifically addresses loyalty after a service failure, and does not address loyalty in the presence of service accomplishment. Under these conditions, the results support an evolving model of the process of loyalty formation that (1) helps to begin reconciling models of J/DM such as ToM and attitudes with consumer satisfaction approaches to help better account for the dual cognitive and affective influences related to loyalty formation; (2) identifies the important role of AR specifically, and anticipated emotions generally, in the process; (3) demonstrates the need to consider Status Quo effects in order to more fully understand loyalty formation; and (4) suggests the possibility of Status Quo effects influencing the role of many model concepts in explanations of loyalty formation.

IMPLICATIONS

There are a number of managerial and research implications that derive from the study reported here. For marketing practitioners, the most general conclusion is that we may need to *consider managing the potential impact of AR under varying switching scenarios*. For those who wished they would have switched, we might want to diminish competitive perceptions and reinforce our own offering. This is consistent with service recovery concepts after service failure. For those who switched, customer win-back strategies seem important. Some former customers are likely to experience regret, and they may experience psychological relief from this regret by returning back to the company from which they switched if given the opportunity.

A second managerial implication is the conclusion that understanding the process of customer loyalty formation appears far too complex to rely on simplistic behavioral measures of loyalty. That is, *embracing simplistic measures of service loyalty and/or their explanations* (e.g., the Net Promoter score by Reichheld 2003, 2006) may indeed prove risky for marketers wishing to act upon the process of loyalty formation. Such care is consistent with the conclusions of Rust (2007), Keiningham et al. (2007, 2008a, 2008b), and Morgan and Rego (2006, 2008). Further, the model presented here advocates not only the existence of multiple, increasingly complex forms of loyalty per Oliver's (1999) model, it also makes clear the complexity of processes

underlying the formation of these alternative loyalty states. The marketing literature demonstrates a popular reliance to date on value/satisfaction → loyalty conceptualizations. However, such models may ultimately provide less insight into the underlying motivations of loyalty outcomes. A better understanding of the motivational processes underlying the formation of consumer loyalty, as well as the relevant cognitive versus affective influences would benefit practitioner tactics designed to foster greater consumer loyalty. The current research also makes clear that choosing between quality/satisfaction/value versus emerging attitudinal models of intention formation is not entirely necessary. The current research advocates further efforts to integrate these types of models to help marketers better understand, manage, and influence the formation of customer loyalty.

A third managerial implication suggests that *the concepts of interest and their inter-relationships in explanations of customer loyalty may be particularly susceptible to moderating influences*. Clearly capturing various forms of customer loyalty within Oliver's (1999) conceptualization is warranted. Also, capturing both cognitive (e.g., service quality perceptions, attitudes) and affective (prior satisfaction, AR, PAE, NAE) exogenous influences appears warranted. How these various concepts operate across relevant groups is worthy of practitioner consideration in their own particular competitive settings. It has been demonstrated here that the roles of satisfaction and AR can vary across conditions related to previous consumer actions (the Status Quo Effect). It would be interesting to see if marketing practitioner actions, such as enhanced service recovery efforts, would also moderate the model. Far greater consideration of potential moderators in the formation of consumer loyalty similarly appears an important marketing research practitioner consideration.

There are also a variety of academic research implications that emerge from the research reported here. First, greater reconciliation between value/satisfaction and emerging attitudinal explanations of the formation of individuals' intentions through the lens of models of J/DM appears a promising path toward better understanding the formation of consumer loyalty. Future research might also consider the implications of congruence on the model of

consumer loyalty identified here vis-à-vis Dick and Basu (1994). However, progress in these lines of inquiry may be stifled without stronger conceptual and operational foundations and differentiation between important concepts such as attitudes, satisfaction, and desire. The current research suggests that while satisfaction can be discriminately operationalized, it remains unclear specifically what satisfaction represents (emotion, cognition, attitude?) and where it best fits into general models of human behavioral intention formation. Answering these important questions should help advance more general models of consumer J/DM such as those underlying the formation of consumer loyalty intentions and behaviors.

One potentially interesting avenue of such inquiries involves the nature and influence of (the various forms of) emotions in loyalty formation models. Bagozzi et al. (1998) laid the foundation for such inquiries in their exploration of the role of emotions in goal-directed behaviors. These authors distinguish anticipatory emotions from goal-outcome emotions within the formation of goal-directed behaviors. Marketing has traditionally considered satisfaction judgments as post-consumption evaluative judgments (Oliver 1999). However, Bagozzi et al. (2002) make a valid point about the history of satisfaction as a concept (previously discussed). Future research should seek to clarify the role of satisfaction and/or emotions in models of goal-directed behaviors such as consumer loyalty. Interested researchers will find the following articles useful as a starting place for such inquiries: Bagozzi et al. 1998; Mellers and McGraw 2001; Bagozzi et al 2002; Perugini and Bagozzi 2001; and Baumgartner et al. 2008.

Another area that merits additional inquiry concerns the true nature of motivation in folk explanations of consumer behaviors based on goal-related explanatory models such as considered here. It is still unclear where motivation lies in attitude models. Sheeran (2002) describes intentions as people's decisions (or self-instructions) to perform particular actions (Webb and Sheeran 2006); they index a person's motivation to perform a behavior. Thus, in this view, behavioral intentions encompass both the *direction* (to do or not X) and the *intensity* (a measure of time and effort one is prepared to devote to X) of a decision. Framarin (2008)

identifies the conundrum where attitudes, desires, and/or intentions are all believed to potentially possess elements of motivation. Fishbach and Zhang (2009) assert that goals are considered to be the building blocks of human motivation. Ryan et al. (1996) argues that motivated or intentional behaviors differ in the degree to which they are autonomous (i.e., self-determined) versus controlled (i.e., compelled). Reeve (2005) argues that self-determination theory suggests that different types of motivation underlie human behavior, including a-motivation, extrinsic motivation, and intrinsic motivation. Briefly, self-determination theory asserts that needs generate motivational states within individuals. Meyer et al.'s (2004) model of commitment and motivation (explaining employee behaviors) based on self-determination theory might be considered in efforts to identify the underlying motivation to engage in the act of consumer loyalty. It is also unclear how various motivations might affect how the model operates across groups. The context where consumer decision making occurs may matter. For example, if a respondent viewed a change in status quo as a temporary, easily reversed consideration, then they might be more inclined to switch in the presence of a bad experience.⁸ Thus, invariance studies may prove particularly insightful (see Vandenberg and Lance 2000).

We also need to better understand the potential for contamination by mere measurement effects. The mere measurement effect occurs when merely measuring an individual's intentions changes his or her subsequent behavior, and has been demonstrated specific to marketing (Chapman 2001, Dholakia and Morwitz 2002). Chandon et al. (2004) present evidence that the mere measurement effect may decay after 3 months of repeat purchase. This suggests that the mere measurement effect may be more of a threat to lower levels of loyalty than loyalty as fortitude. Future research should validate this hypothesis. Morwitz and Fitzsimons (2004) compare a number of potential explanations of the mere measurement effect and demonstrate that when asked to provide general intentions to select a product in a given category, respondents are more likely to choose options toward which they hold positive and accessible attitudes. This suggests

⁸ The author thanks an anonymous reviewer for this observation.

that asking general purchase intention questions influences behaviors by changing the accessibility of attitudes toward specific options in the category. This explanation reinforces the loyalty model proposed here based on reconciling consumer attitude models with customer satisfaction models in predicting loyalty outcomes. Further work appears warranted to better understand the possible implications of the mere measurement effect with the different levels of consumer loyalty. In particular, a consideration of the findings of Godin et al. (2010) that using implementation intention questions (i.e., action planning) instead of behavioral intention questions may prove more efficacious for service marketers appears promising.

Another possible contaminant involves a potential action-anticipation effect. Preston et al.'s (2011) finds that judgment of actions may be automatically distorted and that these inferences arise from the expected consistency between intention and action in agency. In other words, the very process of intention formation may suffer from a broad intention bias, one that may influence the very formation of perceptual exogenous influences in intention-based models. Wiedemann et al. (2009) assert that action planning may help alleviate action-anticipation effects as well as mere measurement effects. Specifically, action planning is assumed to mediate intentions and behaviors, and intentions are assumed to moderate the planning-behavior relationship. Wiedemann et al. (2009) report evidence that levels of intention moderate the mediation process – the strength of the mediated effect increases with levels of intentions. Thus, planning mediates the intention-behavior relation, if individuals hold sufficient levels of intention. However, Cardoso-Liete et al. (2010) present evidence that a person's actions do not induce a response bias, rather, changes the perception of the learned action effect. How these findings relate to consumer loyalty remains an exciting unknown.

The relationship between AR and the two forms of loyalty considered here is most interesting. An argument has been presented that the most logical explanation is to consider the observed results to reflect suppression effects. However, suppression effects are not the only explanation of an observation suggesting that the cognitive/affective processes underlying lower forms of loyalty may differ from those in the

development of fortitude as a higher form of loyalty. A number of phenomena could help explain such observations. First, Zeelenberg et al. (2002) identify a potential *inaction* effect where, following previous negative outcomes, more regret can be attributed to inaction than action. These authors interpret these results as demonstrating the need for emotion-specific predictions. Second, Pieters and Zeelenberg (2007) propose their Theory of Regret Regulation 1.1. Propositions from this theory potentially germane to the observed findings here include that: (1) regret is an aversive, cognitive emotion that people are motivated to regulate in the short term and learn to minimize in the long run; (2) individual differences in the tendency to experience regret are reliably related to the tendency to maximize and compare one's outcomes; (3) regret can stem from either decisions to act or not to act, depending on justifiability; (4) regret can be about either outcomes or processes; (5) regret intensity depends on the ease of comparing actual with counterfactual decision processes and outcomes, and on the importance, salience, and reversibility of the discrepancy; and (6) regret regulation strategies are goal-, decision-, alternative, or feeling-focused and implemented based on their accessibility and their instrumentality to the current overarching goal. Third, Abendroth and Diehl (2006) demonstrate that regret can indeed behave differently short-term versus long-term in consumption settings. More specifically, (1) they find that evidence for a reversal of the omission bias in some circumstances; (2) suggest that different temporal of regrets for limited purchase opportunities; (3) that consumers can reframe a decision to minimize regret as a coping mechanism; and (4) suggest that great short-term action regrets may be hot in nature, while greater long-term inaction regrets are more wistful (Kahneman 1995). Fourth, inaction inertia, or the effect that missing one or more attractive opportunities decreases the likelihood to act on an attractive current opportunity in the same domain, could help explain the observed results (Van Putten et al. 2009; Liu et al. 2011). Fifth, Albarracin and Handley (2001) report results that suggest that attitude change mechanisms may play a role. Specifically, these authors argue that implicit in many formal and informal principles of psychological change is the assumption that change requires *either* an active or inactive

approach. However, their series of experiments demonstrate that broad goals influence the magnitude of attitude change by affecting retrieval of prior attitudes in preparation for an upcoming message. Greater prior-attitude retrieval in response to action goals in turn decreased the influence of persuasive messages countering prior attitudes. Finally, Albarracin and Hart (2011) assert that general action and inaction concepts have been shown to produce broad, goal-mediated effects on cognitive and motor activity irrespective of the type of activity. These authors present evidence for an interactive model by which action concepts and positive affect produce the same increases in active behavior as inaction concepts and negative affect. The emerging evidence suggests that differential influences of constructs such as AR in short- versus long-term outcomes should not be surprising.

Finally, marketers should direct greater consideration toward goal-related explanations of outcomes such as consumer loyalty. The importance of goal theory in attitude research is made clear in Perugini and Bagozzi's (2001) Model of Goal Directed Behavior conceptualization and later extensions that provides the foundation for the model proposed

here. Heitmann et al. (2007) relate goal attainment to consumer satisfaction. Such relationships are interpreted as further support for the general modeling strategy proposed here to merge value/satisfaction and attitudinal/desire approaches in explaining the formation of consumer loyalty since goals also represent mental representation (Moskowitz 2012). Readers interested in this area of inquiry are directed to Aarts and Elliott (2012).

SUMMARY

In this article the author proposes a model of customer loyalty that purports to advance efforts toward reconciling Oliver's (1999) multi-stage conceptualization with traditional value/satisfaction approaches with more general social psychological and J/DM foundations such as the ToM. Data supports the proposed conceptualization, and further identifies the important roles of AR and status quo/action effects in fully understanding for formation of customer loyalty. The implications of the proposed model and results are explicated for both service marketing practitioners and scholars.

Appendix A

Experimental Design

Pat ...	Alex ...
... is insured by Company A.	... is insured by Company A.
... sees a TV ad from Company B.	... sees a TV ad from Company B.
... Sees NO differences between price and brand reputation between A & B.	... Sees NO differences between price and brand reputation between A & B.
... REJECTS B and STAYS with A.	... ACCEPTS B and SWITCHES TO B.
... then has an accident.	... then has an accident.
... is 100% responsible for the accident.	... is 100% responsible for the accident.
... experiences MUCH POORER service quality in claims experience from A than (s)he would have had (s)he switched to B.	... experiences MUCH POORER service quality in claims experience from B than (s)he would have had (s)he stayed with A.
Therefore, Pat experienced WORSE service quality because (s)he did NOT switch insurance companies prior to having an accident.	Therefore, Pat experienced WORSE service quality because (s)he chose to SWITCH insurance companies prior to having an accident.

APPENDIX B
The Study Measures (2)

Construct (Variable Names)	Constitutive Definition	Operational Definition -- Scale	Reliability	Variance Extracted
Utilitarian Attitude	Cognitive attitude toward the act of being loyal.	<i>9-Point Semantic Differential Items</i> Effective/Ineffective Helpful/Unhelpful Functional/Not Functional Necessary/Unnecessary	.856 .782	.660 .567
Hedonic Attitude	Affective attitude toward the act of being loyal.	<i>9-Point Semantic Differential Items</i> Not Fun/Fun Exciting/Dull Delightful/Not Delightful Thrilling/Not Thrilling	.908 .896	.709 .686
Positive Anticipated Emotions	A prediction based upon the judged positive consequences of personal goal achievement and failure.	<i>11-Point Unipolar Scales (Not at All to Very Much):</i> “Alex probably feels each of the following emotions ...” Excited, Delighted, Happy, Glad	.945 .934	.826 .840
Negative Anticipated Emotions	A prediction based upon the judged negative consequences of personal goal achievement and failure.	<i>11-Point Unipolar Scales (Not at All to Very Much):</i> “Alex probably feels each of the following emotions ...” Ashamed, Sad, Disappointed, Depressed, Worried	.977 .990	.677 .704
Desire	A state of mind whereby an agent has a personal motivation to perform an action or to achieve a goal.	<i>9-Point Likert Scales:</i> Alex probably ___ to remain loyal to Company A. is motivated, desires, wishes	.958 .915	.782 .734

Anticipated Regret	Beliefs about whether or not feelings of regret or upset will follow from inaction.	<p><i>11-Point Scales:</i></p> <p>"I would also say that Alex is ..." much LESS/MORE likely to feel foolish with his choice.</p> <p>much LESS/MORE likely to think, "I should have known better!"</p> <p>much LESS/MORE likely to regret his decision.</p> <p>much LESS/MORE likely to feel sorry with his decision.</p>	.979 .956	.756 .676
Satisfaction	Pleasurable fulfillment (Oliver 2010)	<p><i>9-Point Semantic Differential Items</i></p> <p>Pleased Alex/Displeased Alex</p> <p>Alex is contented with/Alex is disgusted with</p> <p>Alex is very satisfied with/ Alex is very dissatisfied with</p> <p>Did a good job for Alex/Did a poor job for Alex</p>	.874 .858	.686 .712
Loyalty Intention _{Repurchase}	Consistent with a utilitarian perspective, where repurchase intention is largely cognitive in nature based upon loyalty to information and sustainers such as cost, benefits and quality.	<p><i>9-Point Likert Scales:</i></p> <p>Alex will probably ____ Company A.</p> <p>continue to buy car insurance from</p> <p>NOT switch to another car insurer in the foreseeable future</p> <p>stay committed to</p> <p>be motivated to stay with</p>	.975 .935	.837 .699
Loyalty Intention _{Fortitude}	Consistent with Oliver's (1999) model, here is where loyalty becomes "deeper" through the development of affective overtones and commitment.	<p><i>9-Point Likert Scales:</i></p> <p>I would further predict that Alex will probably ...</p> <p>be willing to pay a HIGHER price for Company A's policy than that of the alternative insurer.</p> <p>be willing to tolerate some "less-than-satisfactory" service in order to continue to buy insurance from Company A.</p> <p>be willing "to go the extra mile" to remain a customer of her current insurer.</p>	.927 .819	.682 .477

(9) Unless otherwise noted, all study measures were based on Taylor et al., (2006), and originally derived from other published studies. The variance extracted and reliability scores were calculated using common methods for constructs using structural equation analysis when performing confirmatory factor analyses (see Hair et al. 1998, p. 624). These scores are reported in the order of (top to bottom -- status quo = no switch/change, no status quo = switch/change).

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CHANGE AS A MODERATOR OF INTER-FIRM COMMUNICATION AND CONFLICT MANAGEMENT IN RELATIONSHIP CONTINUITY

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ABSTRACT

The present study merges work in the buyer-seller literature to address how perceived buyer-side change interacts with supplier perceptions of communication and conflict resolution to impact relational continuity perceptions. Understanding this process is important given the significance of communication and the ubiquity of change in relationships and that conflict resolution is often related to relational investments, satisfaction, and commitment. Survey data from representatives of metal parts producers in the automobile supply chain was analyzed with hierarchical regression analysis. Results suggest that supplier perception of manufacturer use of disclosure influences relational continuity through the process of conflict resolution. Further, the combined influence of supplier conflict resolution and change perceptions is important in understanding relationship continuity from the supplier side. Findings hold implications for marketing researchers and practitioners interested in how to maintain effective collaborative business relationships.

INTRODUCTION

Effectively managing inter-firm relationships is essential to achieving desired outcomes. However, supply chain exigencies have been known to undermine even the most well-intended relationship. While many studies have productively focused on firm-level constructs and dynamics, ultimately, interpersonal dynamics are the foundation of inter-organizational processes and outcomes (Jap 1999; Narayandas and Rangan 2004; Piercy 2009; Gedeon, Fearn, and Poole 2009). Reinforcing this point, a survey of Fortune 100 firms lists boundary spanners relational skills as one of their companies' most critical resources (Giunipero et al. 2006). Not surprising are calls for more

systematic explorations of how constructs related to interpersonal relationships might impact inter-firm outcomes (Lian and Laing 2007).

Exactly what types of relational behaviors are important for understanding when and how desired outcomes accrue to business partners? First, the need for constant "give and take" has been identified as part of managing conflict which results from tensions experienced throughout all phases of business relationships (Bantham et al. 2003). Implied in this "give and take" is the use of collaborative communication by buyers and sellers. Indeed, communication has been characterized as the glue that binds relational partners (Mohr and Nevin 1990). This type of partnership-reinforcing communication has been linked to relational coordination, satisfaction, and commitment (Gultinan et al. 1980; Keith et al. 1990; Anderson and Weitz 1992; Morgan and Hunt 1994; Humphreys, Williams, and Goebel 2009).

A good deal of important work has examined the role of communication in conflict resolution, but questions have been raised as to the boundary conditions of effects in buyer-seller relationships. For example, Mohr, et al. (1996) note that the influence of collaborative communication on relational outcomes may be tied to the conditions in which partners use it. Hence, communication may have different effects on satisfaction or commitment depending on aspects of the organization or environment. Johnston and Hausman (2006) reinforce this point with a caution regarding under-representing complexity in inter-organizational relationships. They note the importance of accounting for contextual factors in understanding the role of relational variables. Thus understanding how communication interacts with usage conditions might be important to understanding when and why communication affects relational outcomes.

Environmental dynamism, the extent to which aspects of an environment change, has been posited to impact relational issues in the supply chain (Lewis 1995; Poirier 1999). Consensus is

strong regarding the construct's significance, but it's predicted and actual impact is ambiguous (Rindfleisch and Heide 1997; Sutcliffe and Zaheer 1998). For example, some researchers argue for weaker governance in dynamic environments (allowing for freedom to develop new partner relationships), while others argue for stronger governance in dynamic environments (allowing for greater development of existing partner competencies) (Porter 1985; Lewis 1995). This lack of clarity points to potential moderating relationships which may explain the contradictory theorizing and findings (Joshi and Campbell 2003).

Of relevance from the perspective of the present research is a particular aspect of dynamism, the extent of change occurring on the business partner side. The impact of changes with respect to technology, competitors, and end-users has been examined in the literature, but the influence of the degree of change in the immediate buying firm has received scant attention in business-to-business research (Bendapudi and Leone 2002). Recent research has found that, supplier-side perceptions related to the behavior of the immediate buying partner are particularly salient influencers of communication and conflict resolution perceptions in inter-firm relationships (Celuch et al. 2011). Further, Johnson, Sohi, and Grewal (2004) specifically note the need for more research related to the development and use of relational capabilities in turbulent conditions.

Based on the foregoing introduction, a key question relates to how change might impact the ability of firm partners to effectively manage conflict? Understanding this process is critical given that conflict resolution is often related to important business-to-business relational outcomes such as satisfaction and investments which are also implicated in relationship continuity. The present study addresses this question through an integration of buyer-seller relationship literature. Specifically, the study explores from, the suppliers perspective, how the perceived level of change on the manufacturer (buyer) side affects relationships among collaborative communication, conflict resolution, and relationship continuity. Given the significance of communication and the ubiquity of conflict and change in inter-firm exchange, this would appear to be an important area for marketing researchers and practitioners interested

in how to maintain effective collaborative business relationships.

THE CONTEXT OF BUSINESS-TO-BUSINESS RELATIONSHIPS AND THE NEED FOR COMMUNICATION AND CONFLICT RESOLUTION IN RELATIONSHIP CONTINUITY

The roles of boundary spanners in business-to-business relationships include both cognitive and behavioral complexity (Wu et al. 2010). For example, business partners are responsible for interactions between internal and external stakeholders within buyer and seller organizations (Knight and Harland 2005; Piercy 2009). These interactions may involve gathering, sharing, and communicating information as part of representing their own firm, negotiating with the partner firm, as well as relationship building within their own and the partner firm (Hallenbeck et al. 1999; Piercy 2009). Indeed, relational capabilities among employees, customers, and strategic partners have been found to extend the service profit chain in business-to-business environments (Theoharakis, Sajtos, and Hooley 2009). While operating in such complex environments, individuals are often confronted with ambiguity and competing demands which call for diverse and competing behavior within and between individuals (Kreiner et al. 2006; Denison et al. 1995). Clearly, conflict is inherent in inter-firm contexts as is the concomitant need to effectively manage conflict.

The nature of relational conflict in business-to-business contexts has been characterized as due to differences in expectations and/or performance (Emiliani 2003; Celuch et al. 2006) relating to economic/functional and/or social/relational domains (Wilson 1995; Celuch et al. 2006; Zerbini and Caslaldo 2007). In the context of the present study, the auto supply chain, economic issues often relate to price, quality, delivery, and payment issues. A typical scenario is when auto manufacturers look to improve competitiveness in the end-use customer markets. One of the first options of manufacturer management is to look for cost savings in their supply chain and/or to utilize layoffs or plant closings (Emiliani 2003). The manufacturer effort to reduce the price of its supply goods can result in economic conflict with suppliers. The way the issue is addressed (i.e., unilateral demands vs.

collaborative problem solving) can contribute to social/relational conflict. Further, downsizing resulting in loss of manufacturer personnel who are responsible for supplier contact can introduce instability into the supplier-manufacturer relationship.

Communication is recognized for its role in effective buyer-seller relationships and specifically for its role in conflict-conflict management (Assael 1969; Dwyer et al. 1987; Anderson and Narus 1990; Helper 1991; Ellram 1991; Mohr and Speckman 1994; Ellram and Hendrick 1995; Claycomb and Franckwick 2004; Humphreys et al. 2009; Celuch et al. 2011). Specific facets of communication that have been identified include: frequency or amount, direction (vertical and horizontal as well as unidirectionality and bidirectionality), modality (medium or personal/impersonal), and content (with information exchange and requests most commonly represented in supply chains) (Mohr and Nevin 1990). In addition to the above facets, several communication behaviors (i.e., active and nondefensive listening, disclosure, and editing-the ability to self-censor a focus on and overreaction to negative events and behavior) that are influential in interpersonal relationships have been applied to inter-firm relationships and found to be important enablers of relational effectiveness (Bantham et al., 2003; Kasouf et al., 2006).

Disclosure, defined as an open, sharing of information is a foundation for the development and maintenance of relationships. It is through disclosure that significant relationship expectations and needs can be surfaced. Unilateral disclosure requires elements of trust in that revealing important aspects of oneself leaves one vulnerable to opportunistic behavior by the relational partner. However, unilateral disclosure is often a first step to facilitating future honest bilateral communication (Bussod and Jacobson 1983; Fowers 1998).

Inter-firm disclosure as a communication behavior is important to the present research given its connection to the aforementioned facets of communication, namely, information exchange (content), bidirectionality (direction), and personal/impersonal (modality). An important dynamic in inter-firm exchange is the need for mutual adaptation related to product design, production processes and schedules, and information systems. Information exchange is one cornerstone of the inter-firm relational

process (Cannon and Perreault 1999). Indeed, a relationship is predicated on two-way sharing of each business partner's priorities, wants, and evolving issues (Dwyer et al. 1987). Reciprocal information sharing (disclosure) between firms creates information symmetry (Hart and Saunders 1997) and improves negotiation effectiveness (Currall and Judge 1995). This type of communication provides evidence of a partner's credibility and trustworthiness which facilitates relational development (Das and Teng 1998). More recently, Hansen (2009) notes the importance of information sharing in the evolving roles of inter-firm partners viewed through a service dominant logic lens. Disclosure is clearly important to relationships yet, specifically, how is disclosure (or a lack of disclosure) implicated in conflict resolution in inter-firm relationships?

Some evidence suggests that a lack of disclosure is a source of conflict between relational partners. For example, when relevant information is not shared with a relational partner, the partner feels excluded from the decision making process (Cooper 1988). This type of communication can result in conflict attributable to misunderstanding and frustration among business partners (Etgar 1979). Perceptions of communication behaviors and disclosure in particular have also been directly linked to conflict resolution perceptions. As noted by Mohr and Nevin (1990), among others, perceptions of interactions drive behavior in relational communication contexts. In the context of inter-firm exchange, conceptual and empirical work provides support for the prominence of relational partner perceptions tied to communication behavior in subsequent appraisals of the relationship (Celuch et al. 2006). Communication behaviors have been modeled as antecedents or mediators of conflict resolution or problem solving in supplier-manufacturer relationships (Kasouf et al. 2006; Celuch et al. 2011). Specifically, Kasouf et al., (2006), found supplier perceptions tied to adaptive and nondefensive listening and disclosure to mediate the effects of cooperative norms on problem solving efficacy perceptions in supplier-manufacturer relationships. Of the communication behaviors examined, disclosure was found to have the strongest effects and was positively related to problem solving efficacy. Open communication from one firm to another can be an important signal which motivates reciprocal behavior

(Johnston and Kristal 2008) which contributes to joint problem solving.

Finally, the significance of conflict management to inter-firm relational continuity has long been recognized (Frazier 1983; Dwyer et al. 1987). Gedeon et al., (2009) note the link between interpersonal or affective conflict and task or cognitive conflict in the dissolution of business relationships. Not surprisingly, concepts related to managing oppositional tensions in relationships (e.g., conflict resolution and problem solving) have been included in many models explaining important inter-firm relational outcomes such as investments, satisfaction, and commitment (cf., Dant and Schul 1992; Anderson and Narus 1994; Mohr and Speckman 1994; Bantham et al. 2003; Welch and Wilkinson 2005).

Relational continuity, the expectation that the relationship will continue into the foreseeable future, is an important outcome as it embodies the very notion of longer-term collaboration rather than a purely transactional approach (Heide and John 1990). Ganesan (1994) and Morgan and Hunt (1994) offer related but distinct constructs related to relational continuity. In the work of Ganesan (1994), long-term orientation embodies the time horizon of business-to-business partners and is a function of mutual dependence and trust. Morgan and Hunt (1994) conceive of relationship commitment as an exchange partner's belief in the importance of the relationship which drives maximum effort to maintain the relationship. The

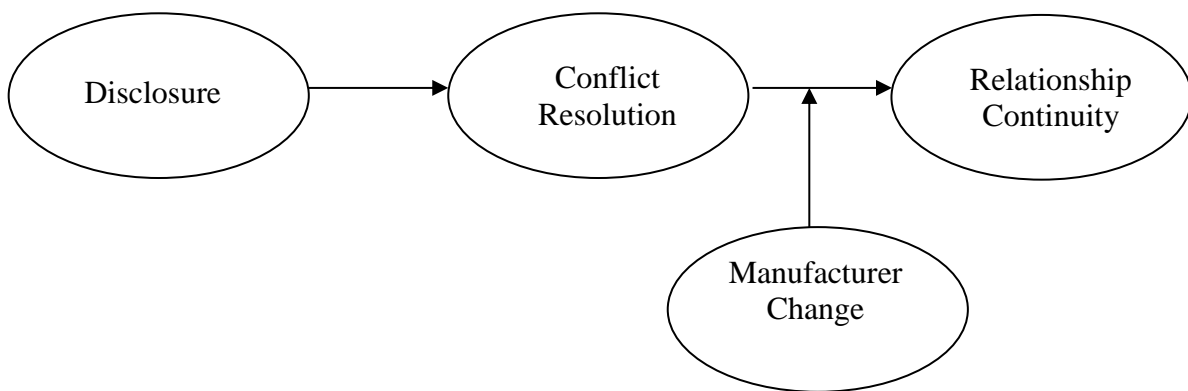
conception of relationship continuity used in the present research is more akin to an expectation of time horizon with the relational partner without any assumption of satisfaction or trust. As noted in Bantham et al., (2003), based on investment theory, a relational partner may be committed in the absence of satisfaction or trust given a lack of relational alternatives. However, without relationship continuity, firms are unlikely to invest the time and effort in the development of tangible and intangible relationship-specific assets (Williamson 1993).

Based on the preceding discussion, if a supplier believes that a manufacturer openly shares their requirements, information, ideas, and feelings with the supplier, this should be positively related to the supplier believing that conflict with the manufacturer can be productively resolved. Further, if a supplier believes that conflict with the manufacturer can be productively resolved this should positively influence supplier expectations of the relationship with the manufacturer continuing into the future. Therefore it is formally proposed that:

H1: Supplier perceptions of manufacturer disclosure will work through (be mediated by) supplier conflict resolution perceptions to influence supplier expectations of relationship continuity (please refer to Figure 1).

FIGURE 1

Hypothesized Supplier-side Mediating and Moderating Relationships



THE MODERATING ROLE OF SUPPLIER PERCEPTION OF MANUFACTURER CHANGE AMONG SUPPLIER PERCEPTIONS OF COMMUNICATION, CONFLICT RESOLUTION, AND RELATIONSHIP CONTINUITY

Recall that while the notion of collaborative communication influencing relationship continuity through conflict resolution is intuitive and has some empirical basis, questions have been raised as to the boundary conditions of effects in buyer-seller relationships (Mohr et al. 1996). Thus understanding how communication and conflict management interacts with context might be important to understanding when and why communication affects inter-firm relational continuity.

The context of the present study, the automotive industry supply chain, has undergone a well-documented share of adaptation in response to change over the past two decades (Mudambi and Helper 1998; Mukerji and Francis 2008). Over this period, the supply chain literature has increasingly recognized the importance of relational partners that can effectively respond to conditions of change or volatility (Swafford et al. 2006). For example, Bendapudi and Leone (2002) note that vendor customer contact employee turnover may destabilize a relationship with a customer and explore strategies to address these situations. Further, changing conditions relating to the end-user and competition have been modeled as part of an interaction term in explaining both inter and intra-organizational processes (Joshi and Campbell 2003). Ganesan (1994) also noted that relational time horizons are related to environmental uncertainty among other factors. Not addressed by prior research is the question of how changes relating to the immediate buyer are likely to affect supplier relational responses? Understanding this process is both relevant and important given the ubiquity of change in the auto supply context, particularly relating to change on the auto supply customer-side (i.e., change relating to customer streamlining and downsizing manufacturing processes).

This study focused on metal processing firms in three industries: aluminum casting, powder metallurgy parts, and heat treating. These are fragmented industries in mid-supply chain, whose dominant applications are automotive.

Their management of customer relationships is critical because these customers are much larger than their firms. They are under continuing price pressure, but, at the same time, are also expected to provide higher service in the form of part or development and developing global capabilities (Kasouf and Celuch 1997; Kasouf, Apelian, and Gummesson 2002). This tension makes understanding buyer-seller conflict especially interesting.

Of relevance to the present research, Mohr and Nevin (1990), in their contingency framework, posit that conditions characterized by relational exchanges and supportive climates should evidence more bidirectional communication (information sharing). Others have also argued that in more closely linked relationships where partner integration is greater, increased needs for information sharing drives requirements for more collaborative communication (Anderson and Weitz 1989; Krapfel et al. 1991). Instability related to the turnover in personnel as well as context complexity (associated with volatile environments) has also been found to be negatively related to aspects of relationship quality. For example, an environment with high job turnover has been found to be associated with lower role competence perceptions given the likelihood that under such conditions questions are raised about the knowledge and preparation of personnel in these less stable environments (Smith and Barclay 1997). Wu et al. (2010) found more differentiated behavior due to greater role complexity to be negatively associated with relational trust, satisfaction, and commitment in a supply chain.

Extending this line of thinking to the present context, under conditions where a supplier perceives low change in the manufacturer (buyer) side, disclosure from the manufacturer should be more strongly associated with the supplier perceiving that conflict resolution can enhance relationship continuity. This type of context, with the supplier perceiving less personnel and procedural changes on the manufacturer side, should reflect higher relational integration and trust which should increase the perceived effectiveness of disclosure working through conflict resolution to positively enhance the expectation of relationship continuance by the supplier side. In contrast, with the supplier

perceiving less stability in personnel and procedures on the manufacturer side, reflective of less relational integration as new players require new learning and time to develop trust, disclosure working through conflict resolution should not be as influential in the supplier's expectation of relationship continuity.

In summary, we argue that it is an understanding of the joint influence of supplier perceptions relating to being able to resolve conflict with the manufacturer as well as perceptions tied to manufacturer-side change that is posited to be important in understanding supplier-side expectations of relationship continuance. Thus, when manufacturer conditions are viewed to be relatively stable, manufacturer disclosure should be strongly associated with the supplier's view that resolving conflict will contribute to the relationship continuing into the future. However, when manufacturer conditions are unstable, manufacturer disclosure associated with efforts at conflict resolution will not be as influential in the supplier's expectation of relationship continuance. Based on the preceding discussion, it is proposed that in the inter-firm dyad:

H2: Supplier conflict resolution perceptions will interact with (be moderated by) supplier perceptions of the level of manufacturer change to influence supplier expectations of relationship continuity (please refer to Figure 1).

METHOD

Sample

Interesting dynamics characterize the automobile supply industries which make it ripe for researchers of inter-firm relationships. For example, fewer suppliers combined with longer-term mutually beneficial relationships often resulting in customized investments (Dyer 1996; Mudambi and Helper 1998) require close communication and conflict management.

As noted previously, the sample for this study consisted of managers in three separate metal forming technologies: powder metallurgy part manufacturing (NAICS code 33284), aluminum die casting (NAICS code 331521), and metal heat treating (NAICS code 332811). Although distinct, these technologies are metal forming industries that are in the mid-point of the supply chain and deal with a common set of

management issues and competitive problems. These industries typically deal with large customers who are able to exert considerable power if inclined, especially price pressure. Even though the companies in these industries are often small, they are expected to be innovative, and often deal with the pressure of supplying engineering service to customers, often developing new parts, while containing costs.

The sampling frame was a composite of lists of firms in each industry maintained by the Metal Processing Institute at Worcester Polytechnic Institute. This resulted in a total of 247 firms, whose scope was national in geographic representation. At each firm, an individual was identified who was centrally engaged in an ongoing customer relationship. If the firm listed a key marketing position, such as a vice president of marketing, director of marketing, or director of sales, that person was included in the study. For some smaller firms that did not list a marketing manager, the president was selected. As such, respondents would be a single individual representing a supplier's perspective with one or more customer representatives.

Procedure

Following the Dillman Tailored Design Method (1999), a preliminary letter was sent to each potential respondent outlining the project, explaining the study's importance to them, and the importance of their participation. Participants were assured that they would not be identified in any dissemination of results. Each individual received a cover letter, survey, and a postage paid return envelope. Individuals were promised a summary of results if they participated in the study. One week later a reminder post card was sent, and a follow-up survey package was sent to each non-respondent three weeks later. Data collection was terminated after another four weeks. Ninety-seven completed questionnaires were used in subsequent data analysis. The responding firms represent 39.3% of the industry sampled and compare favorably to industry distribution on firm size with a majority of firms having 200 or fewer employees (55%) and a relatively small number having more than 5000 employees (8%). Respondents represented a range of titles including top management (i.e., president 34% and vice president 19%), middle management (24%), engineering (10%), and sales

(10%) positions (please refer to Tables 1 & 2). Respondents for smaller firms tended to be higher positioned employees. For example, 29 of 32 respondents holding the title president were associated with firms employing 200 employees or less. While middle management, engineering, and sales positions tended to respond for larger

firms employing more than 200 employees. This pattern is in keeping with the nature of this supplier industry where, for smaller firms, top management tends to be more directly involved in customer relationships.

TABLE 1
Frequencies for Job Titles of the Respondents

	Frequency
President	33
Vice President	18
Manager	23
Engineering	10
Sales	10

TABLE 2
Frequencies for Firm Size (Number of Employees) of the Respondents

	Frequency
0-50	21
51-100	21
101-200	11
201-300	12
301-500	8
501-1000	7
1001-5000	6
Greater than 5000	8

Questionnaire

Measures had been used in prior research and were based on literature reviews and knowledge of metal part producer industries. Industry representatives not included in the study reviewed an initial draft of the questionnaire. Participants in this pre-testing were members of a metal processing institute with deep knowledge of the industry's challenges and practices. The final questionnaire included measures of supplier-side perceptions of manufacturer disclosure, conflict resolution, manufacturer-side change, relationship continuity, as well as demographic descriptors (please refer to Table 3).

The context for questionnaire administration was a significant customer relationship that had been ongoing for at least the past year and in which the supplier respondent had recently experienced conflict. The respondent was not asked to identify the specific customer but was asked to hold this specific customer relationship in mind when responding to all questionnaire items. The researchers made a conscious decision to use actual conflicts from supplier respondents own experience rather than employing standardized conflict scenarios in order to maximize meaningfulness and realism.

TABLE 3
Construct Measures

Constructs and Items

Manufacturer Disclosure (*scaled: rarely/frequently*)

The customer...
Shares honest thoughts and feelings with our side.
Openly shares ideas and information with our side.
Directly communicates their point of view.
Specifically pinpoints their requirements and needs.
Helps identify specific ways we can change to improve the relationship.

Conflict Resolution (*scaled: strongly disagree/strongly agree*)

Overall, we can productively resolve conflict with this customer.

Manufacturer Change (*scaled: strongly disagree/strongly agree*)

With respect to this customer...

The way things are done keeps changing.
It seems like reorganizing is always occurring.
Personnel are always changing.
Job responsibilities keep changing.

Relationship Continuity (*scaled: strongly disagree/strongly agree*)

We expect to continue the relationship with this customer for several years.
I am certain the relationship with this customer will last a long time.
We may have to sever the business relationship with this customer soon.

Measures

Manufacturer disclosure was assessed via five, seven-point items relating to supplier respondents' perceptions of manufacturer representatives communication behavior. Items focused on sharing information and requirements as well as thoughts and feelings (Bantham et al., 2003). These items had been identified in prior research with disclosure items evidencing convergent and discriminant validity relative to other collaborative communication behaviors (i.e., adaptive and nondefensive listening and editing) (Kasouf et al., 2006).

The measure of conflict resolution assessed supplier respondents' global perception that conflict could be productively resolved with the manufacturer via a seven-point scale. Such

perceptions are consistent with expectations assessed in the perceived control literature as well as related research (Skinner 1995; Kasouf et al., 2006).

The manufacturer-side change measure consisted of four, seven-point items relating to supplier respondents' perception of changes associated with manufacturer personnel, responsibilities, and procedures. This operationalization is consistent with conceptions of change in the literature related to environmental uncertainty (Aldrich 1979; Achrol and Stern 1988).

Finally, relationship continuity consisted of three, seven-point items relating to supplier respondents' expectations of continuing the relationship into the future. This operationalization is consistent with conceptions of relationship continuity in the business-to-

business literature (Heide and John 1990; Krause 1999).

RESULTS

The primary purpose of this study is to test for moderated mediation, that is, from the supplier perspective, the mediational effect of conflict resolution perceptions on manufacturer disclosure and relationship continuity varying across levels of manufacturer-side change. As a precursor to the analyses, confirmatory factor analysis using structural equation modeling (AMOS 19) was used to assess the convergent and discriminant validity of measures before addressing the hypotheses. With respect to the measurement model, observed indicators were all statistically significant ($p < .05$) and evidenced large loadings on their corresponding factors. Fit statistics of the measurement model were $\chi^2(51) = 63.26$, $p = .116$, CFI = .97, RMSEA = .05 which suggest that the observed indicators are representative of constructs. The combination of

CFI and RMSEA are consistent with ranges recommended for the evaluation of model fit for small sample sizes with a small number of observed variables (Hu and Bentler, 1999; Hair et al. 2006).

A series of pair-wise confirmatory factor analyses were conducted to assess discriminant validity of the measures. For each pair of measures, trying to force measures of different constructs into a single underlying factor led to a significant deterioration of model fit in comparison to the two-factor model. These results provide support for the discriminant validity of the measures (Anderson and Gerbing 1988). Based on internal consistency and validity assessments of the measures, summated scores of the multi-item scales were used to address the research hypotheses. Table 4 provides the means, standard deviations, correlations, and reliabilities for the measures used in the study.

TABLE 4

Descriptive Statistics and Correlations for Manufacturer Disclosure, Conflict Resolution, Manufacturer Change, and Relationship Continuity

	Standard		X1	X2	X3	X4
	Mean	Deviation				
X1 Manufacturer Disclosure	4.8	1.02	.75			
X2 Conflict Resolution	5.0	1.40	.46**	--		
X3 Manufacturer Change	4.2	1.45	-.21*	-.32**	.85	
X4 Relationship Continuity	5.1	1.19	.39**	.54**	-.13	.79

*Correlation is significant at the .05 level.

**Correlation is significant at the .01 level.

Reliabilities are shown on the diagonal.

Hierarchical regression analysis, involving a series of models increasing in complexity, was used as a means of testing the hypothesized mediating and moderating relationships (Cohen and Cohen 1983). In the first series of models, to test for mediation, manufacturer disclosure is entered as a predictor of conflict resolution and then disclosure and conflict resolution are entered as predictors of relationship continuity. In the second series of models, to test the moderating effect of manufacturer-side change, change and the

interaction term (conflict resolution x change) are added to the first series model with disclosure and conflict resolution predicting relationship continuity.

In order to test whether conflict resolution mediates the effect of partner disclosure on relationship continuity, three conditions must be met: 1. Disclosure should have a significant effect on conflict resolution; 2. Disclosure should also have a significant effect on relationship continuity; and 3. As compared to condition #2, the impact of partner disclosure on relationship

continuity should significantly diminish when conflict resolution is included in a regression model with disclosure predicting relationship continuity (Baron and Kenny 1986).

With respect to H1, disclosure has a significant effect on conflict resolution, thus, condition #1 is met. Disclosure also significantly influences relationship continuity, thus, condition #2 is met. Lastly, the influence of disclosure is significantly diminished (with the standardized coefficient decreasing from .40 to .15) when conflict resolution is included in the regression model predicting relationship continuity, meeting condition #3. **In summary, consistent with predictions, for supplier-side personnel, perceived conflict resolution is found to mediate the relationship between perceived manufacturer-side disclosure and relationship continuity** (please refer to Table 5).

We next examine the moderating role of manufacturer-side change as perceived by the supplier-side (H2). In the first step, disclosure, conflict resolution, and change are entered as predictors of relationship continuity. In the second step, to test the moderating effect of change, the interaction term (conflict resolution x change) is added to the first step model. Mean centering was not employed, as recent evidence suggests that there is no advantage to mean centering in terms of addressing collinearity issues or stability of estimates (Echambadi and Hess 2007).

Table 5 presents results of the hierarchical regression analyses. Predictions receive support by the data given that the conflict resolution x change interaction significantly explains an additional amount of variance in relationship continuity (R^2 change = .06, significant at $p < .01$ level), after controlling for the direct effects of

TABLE 5

Hierarchical Regression Analyses Testing the Mediating Effect of Conflict Resolution and the Moderating Effect of Change on Conflict Resolution and Relationship Continuity

	Model Results				
	Adjusted R ²	R ² Change	F value	F value Change	VIF
<u>Mediation Test</u>					
Conflict Resolution = (.46**) Disclosure	.22		25.61**		
Relationship Continuity = (.40**) Disclosure	.15		17.39**		
Relationship Continuity = (.15) Disclosure + (.49**) Conflict Resolution	.32	.17	23.67**	26.54**	1.29
<u>Moderation Test</u>					
Conflict Resolution = (.16) Disclosure + (.52**) Conflict Resolution + (.07) Change	.32	.00	15.87**	.53	1.38
Conflict Resolution = (.12) Disclosure + (1.22**) Conflict Resolution + (.94**) Change + (-.96**) Conflict Resolution X Change	.38	.06	14.99**	8.44**	16.18

Note: Standardized coefficients appear in parentheses.

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

conflict resolution and change, with the influence of disclosure nonsignificant. This effect compares favorably with common ranges (R^2 changes .02-.03) reported for moderator effects in non-experimental studies (Champoux and Peters 1987).

As a precaution, variance inflation factors (VIF's) were examined to assess the effects of collinearity among the independent variables,

particularly when the interaction term is a function of the other independent variables. Note that the VIF for the interaction term is above the recommended 10.0 cutoff (Hair et al. 2006). As a further check, the authors also utilized the two-step procedure identifying condition indices above 30, and for any such indices, identifying multiple variables with variance proportions above 90 percent. The condition index for the interaction

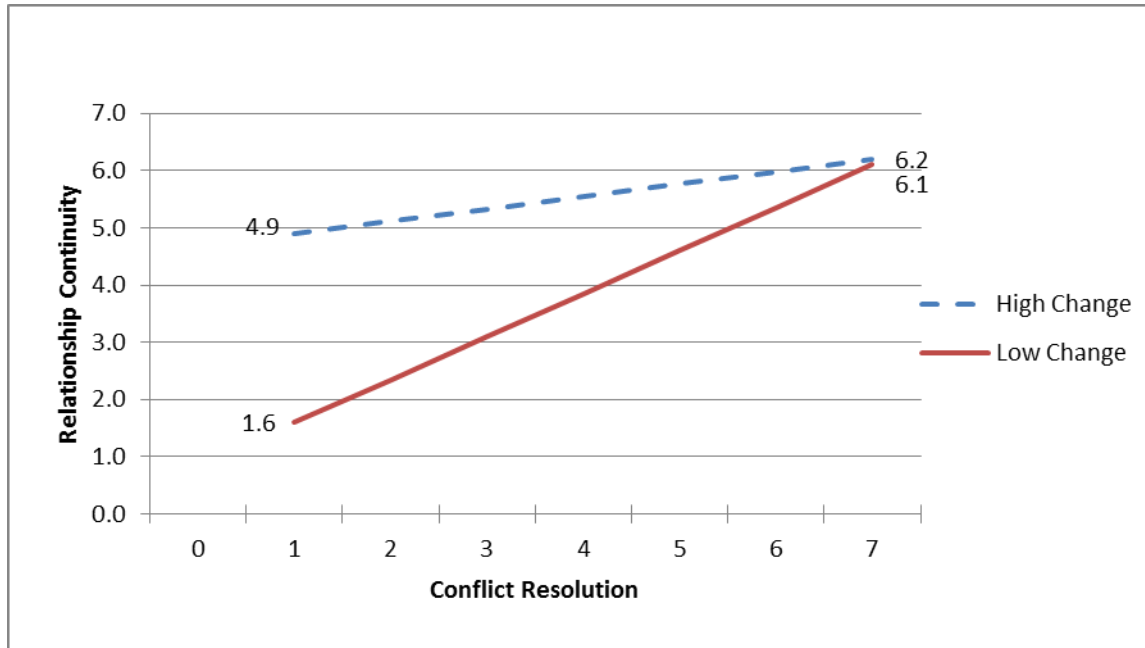
term was 49.55. However, the proportion of variance accounted for by this term did not exceed .90 for two or more variables (Hair et al. 2006). Thus, a collinearity problem is not indicated. **Taken together, results support the prediction of moderated mediation, that is, the mediational effect of conflict resolution between disclosure and relationship continuity varies across levels of manufacturer-side change.**

To identify the nature of the interaction, slopes are plotted for individuals in the upper half

(Mean = 5.3) and lower half (Mean = 2.8) for perceived manufacturer-side change. Figure 2 displays the interaction effect on perceived relationship continuity. **As expected, under low change conditions, stronger conflict resolution perceptions significantly enhanced perceived relationship continuity ($F=62.60, p < .01$). In contrast, conflict resolution perceptions do not have this effect on relationship continuity under high change conditions ($F=4.05, p = .05$).**

FIGURE 2

Interactive Effects of Supplier-Side Perceptions of Conflict Resolution and Manufacturer Change on Relationship Continuity



In summary, consistent with predictions, supplier perceptions relating to being able to resolve conflict are found to mediate the effect of manufacturer disclosure on relationship continuity perceptions. Further, supplier perceptions of change relating to the manufacturer-side are found to interact with supplier conflict resolution perceptions which moderate the relationship between conflict resolution and supplier relationship continuity perceptions. Specifically, when changing conditions are not perceived to be prevalent in the manufacturer organization, the perception that conflict can be productively

resolved has a strong positive effect on supplier relationship continuity perceptions. In contrast, when the manufacturer is perceived to be experiencing changing conditions, the perception that conflict can be productively resolved does not greatly affect the supplier perception of relationship continuity.

DISCUSSION

While it has long been recognized that collaborative communication can provide the

impetus for conflict management and subsequent relational outcomes, the process has not been completely understood. Understanding the process is important given that conflict is inherent in inter-firm exchange and that conflict management is related to relational investments, satisfaction, and commitment (Frazier, 1983; Dant et al. 1992; Bantham et al. 2003). The present study merges work in the business-to-business literature to address how supplier side perceptions of change relating to the manufacturer interacts with supplier perception of conflict resolution to impact perceptions of relationship continuance.

These findings contribute to the extant literature in several ways. First, the research supports literature which suggests that collaborative communication affects important relational outcomes (Mohr et al. 1996; Anderson and Weitz 1992; Morgan and Hunt 1994; Johnson et al. 2004; Humphreys et al. 2009). The research also extends work which highlights the salience of partner communication behavior in inter-firm processes (Celuch et al. 2006). Specifically, the importance of manufacturer disclosure working through conflict resolution to impact supplier relationship continuity perceptions was supported. Communication behaviors that help to resolve conflict in relationships have been implicated in relational outcomes such as satisfaction (Selnes 1998). Future research could examine other communication behaviors beyond disclosure that might contribute to relational-enhancing (or inhibiting) outcomes. Would other partner communication behavior (e.g., listening, editing) work differently?

Another contribution is that we address the notion that the influence of collaborative communication on relational outcomes may be tied to the context in which partners communicate (Mohr et al. 1996). To this end, the research serves to extend the inter-firm relationship literature through an exploration of manufacturer change as a moderator of communication-conflict resolution processes in relationship continuance. Recall that while dynamism has received significant attention, empirical studies have generally included environmental imperatives and have not accounted for perceptions of changes related to the immediate business buyer. We believe this is detrimental to understanding inter-firm exchange given that organizational change has been prominent in many industries. This is a particularly serious omission considering the

importance of perceptions relating to the relational partner's behavior in inter-firm appraisal processes (Celuch et al., in press) which may be affected by changing conditions on the partner side. The notion that, for the supplier, perceptions of manufacturer-side change are implicated in relational continuity receives support and clarification given the observed interaction with conflict resolution perceptions. While these findings are consistent with the Johnson et al. (2004) observation that relational knowledge has weaker effects on relational effectiveness under higher turbulence, turbulence is operationalized at the industry level and not at the level of a relational partner as in the present study. Future research could explore the impact of the interaction of manufacturer-side change and conflict resolution perceptions on other relational outcomes such as supplier satisfaction and affective commitment.

Findings of this study hold practical implications for the management of supplier-manufacturer relationships. First, the results clearly speak to the importance of developing manufacturer relational capabilities as part of a purchasing strategy that is supplier oriented for the purpose of developing collaborative relationships with suppliers (Theoharakis et al. 2009; Humphreys et al. 2009). As noted by Emiliani (2003), while not every business-to-business relationship need be highly collaborative, some are recognizing the longer-term strategic importance of price consciousness without making wholesale tradeoffs on quality and delivery. One specific relational capability that was emphasized in this research is the use of disclosure as a partner collaborative communication behavior. Given that conflict is likely to occur in inter-firm relationships, identification of behaviors coupled with an understanding of how they work can contribute to effective conflict management. The ability of a firm partner to be perceived as sharing requirements, information, ideas, and feelings is significantly related to addressing conflict which, in turn, contributes to relational continuity on the supplier side. Open communication, particularly associated with buyers who often hold power in industrial relationships, may act as an important signal motivating supplier reciprocal behavior (Johnston and Kristal 2008). Such "signaling" behavior may prevent opportunistic spirals whereby manufacturers place relentless price

pressure on their suppliers. In turn, similar opportunistic behavior is observed among suppliers when buyers return to former suppliers due to quality issues and then suppliers charge higher prices or impose expediting fees to renew the business (Emiliani 2003). Relative to formal governance, collaborative communication is inexpensive and flexible in its application and may serve as an informal integrating mechanism (Mohr et al. 1996) that helps bridge perceptual gaps between manufacturer and supplier firms (Barnes, Naude, and Mitchell 2007).

Second, the significance of manufacturer-side change is reinforced and clarified. Recall that a typical scenario in the context of the auto supply chain is when manufacturers look to improve competitiveness in the end-use customer markets. One option is to look for cost savings in their supply chain and another is to utilize layoffs or plant closings. The manufacturer effort to reduce the price of its supply goods can result in conflict with suppliers. In addition, downsizing resulting in loss of manufacturer personnel who are responsible for supplier contact can introduce instability into the supplier-manufacturer relationship. Even with the use of collaborative communication by the buyer, the perception of changing conditions associated with the manufacturer side appears to mitigate the effect of disclosure on relational continuity in that, for suppliers, continuity is not as greatly affected by resolving conflict. In contrast, the perception of more stable conditions associated with the manufacturer side seems to enhance the positive effects of disclosure and conflict resolution on relational continuity for suppliers. One interpretation of these effects is that with manufacturer-side changes, that is, conditions with less stability in personnel and procedures that are often associated with lower relational integration and trust, manufacturer use of disclosure to resolve conflicts is weighted and interpreted differently than under less volatile buyer-side conditions. Under unstable conditions, manufacturer use of collaborative communication may be viewed as suspect by suppliers as economic considerations (sales volumes) as opposed to social bonds are more likely to drive relational continuity. This would be akin to the notion of idiosyncratic loyalty characterized by continuity but not true commitment (Johnston and Hausman 2006). In contrast, under more stable manufacturer conditions characterized by higher

integration and trust employing manufacturer use of collaborative communication might be perceived as more genuine (and expected) which contributes to its greater influence on suppliers. This process is somewhat akin to the process proposed by Golicic et al. (2003) whereby relationship structure is proposed to moderate the relationship between satisfaction and relationship maintenance or deterioration in business-to-business contexts. Parallels can also be drawn with the work of Powers and Reagan (2007). In their stage conception of buyer-seller relationships, they note relationships moving through stages where mutual goals and adaptation are important initially, to later stages where cooperation and trust become more important. With buyer-side personnel changes, it is possible that supplier-manufacturer relationships revert to earlier stage dynamics whereby the use of disclosure would not be as effective as when cooperation and trust issues are salient.

The results clearly point to the importance of manufacturer-side personnel being aware of the differential effects and when to expect results. In low change contexts, not employing disclosure to address conflicts could have deleterious effects on relationship continuance. In contrast, for high change contexts, manufacturer disclosure as a means of addressing conflict is not as critical for relationship continuity with suppliers which opens the question as to what other informal and/or formal integrating mechanisms might be more important. Such nuanced understanding is in keeping with recent recommendations that key relationship personnel, particularly in the purchasing and marketing areas, be aware of important boundary spanning issues and roles (Piercy 2009; Theoharkis et al. 2009).

The present research employs cross-sectional, self-report measures of supplier respondent perceptions of constructs. Future research could certainly address design and measurement issues. Self-report limitations notwithstanding, it is important to note that common methods variance is not likely to account for interaction effects, an important focus of this study, as method variance should increase correlations consistently between construct measures (Aiken and West 1991). Consistent with approaches used in related research, a single item conflict resolution measure was used in the present study. Bergkvist and Rossiter (2007) found no differences in predictive validity

between single and multi item measures. Nevertheless, future research could expand measures to assess more dimensions of conflict such as frequency of occurrence as well as magnitude. The present study utilized supplier-side respondents. Capturing perceptions from both sides of the relational dyad could prove interesting, as the influence of constructs may not be the same for relational partners (Mukherji and Francis 2008). Longitudinal designs exploring relations among study constructs which extend thinking beyond dyadic inter-firm interaction to a network of actors could prove useful in understanding relationship adaptation and evolution (Welch and Wilkinson 2005; Schurr et al. 2008).

In conclusion, while there is still much to be learned about how and why business-to-business partners continue relationships, perceived change appears to play an important role in the process. Our study, which considers communication, conflict resolution, and relationship continuity, contributes to research that explores processes critical to successful inter-firm relationships.

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RETAILER BRAND EXPERIENCE, BRAND EXPERIENCE CONGRUENCE, AND CONSUMER SATISFACTION

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ABSTRACT

In light of the recent development of the *brand experience* construct, a study was conducted in order to test (1) the usefulness of the concept in a retailing context and (2) how the brand experience with a focal retailer and that of an alternative retailer operate as they lead to creation of brand personality, satisfaction, and loyalty. For the latter, recent methodological advancements were used based on Cheung's (2009) structural equation modeling-based latent congruence model (LCM). Brakus et al.'s (2009) model of brand experience was replicated for these purposes. The results show that a retail setting offers a unique perspective on brand experience and brand experience congruence, as well as their consequences.

INTRODUCTION

Brands continue to represent one of firms' most valuable assets (Keller 2008; LeBoeuf and Simmons 2010; Shankar et al. 2008), and managing brands (e.g., brand loyalty) has been a popular research topic in marketing for several decades. Among the recent developments in brand-related measurement includes that of brand experience (Brakus, Schmitt, and Zarantonello 2009). Brakus et al. (2009) proposed a scale of the concept that purports to provide greater explanation and predictive validity of consumer behavior, and the current research aims to examine the applicability of the scale in a retailing context.

According to Brakus et al. (2009, p. 52), brand experience refers to "sensations, feelings, cognitions, and behavioral responses evoked by brand-related stimuli that are part of a brand's design and identity, packaging, communications, and environments." Different from product experience, shopping experience, and consumption experience, brand experience is a unique construct that captures subjective, internal consumer responses to brand-specific stimuli. To

date only a few studies have reported their empirical results using the scale (e.g., Zarantonello and Schmitt 2010; Iglesias, Singh, and Batisa-Foguet 2011), and one of the contributions of the study reported in this article is to examine the applicability of the brand experience scale in a retail setting. In developing the brand experience scale, Brakus et al. (2009) analyzed consumer descriptions of brand experiences for a wide variety of goods and services brands ("experiential brands") among which were a few retailer brands. Their final analysis of construct validity was inclusive of brands of many product categories, but it is not clear whether the scale is robust enough to be used only in a retailing context. This is important because the current literature of retailing and service management has not considered customer experience as a separate construct; instead researchers have paid attention to (1) specific aspects of customer experience such as atmospheric and service interface and (2) outcomes such as customer satisfaction and service quality (cf. Verhoef et al. 2009). The proposed definition in Verhoef et al. (2009) is that "the customer experience construct is holistic in nature and involves the customer's cognitive, affective, emotional, social and physical responses to the retailer" (p. 22), and they suggest we "move beyond the focus of a limited set of elements under the control of the retailer" (p. 33) and develop a scale that measures the customer's experience in its full detail.

In addition, **the present research concerns consumer brand experience with a focal (or preferred, currently/most recently used) retailer in relation to the best alternative retailer.** As such, this article methodologically contributes to the literature by modeling brand experience *congruence* as an independent construct based on consumer experience with the focal brand and experience with the best alternative brand. Also demonstrated are the

differing effects of brand experience and brand experience congruence on outcome variables such as satisfaction and loyalty. The comparison and congruence between the focal and the alternative retailer brand experience not only adds value to the predictive/criterion validity of brand experience scale, but it also allows for consumer experience to be examined in a comparative way. For the latter, the pivotal role of “relative” aspect in evaluation has been regaining attention recently in determining consumer perceptions of overall utility (Dhar and Wertenbroch 2011), willingness to pay premium price (Saini, Rao, and Monga 2010), and quality perceptions (Steenkamp, Heerde, and Geyskens 2010), to name a few. Thus, in addition to verifying the applicability of the brand experience scale in a retail setting, the present research investigates whether customer retail experience sufficiently determines relevant outcomes such as satisfaction and loyalty or should experience be measured in a relative manner (i.e., relative to an alternative retailer) to improve predictability. The outcome of this research offers insights for both researchers and practitioners, as customers’ retail experience congruence has not been explicitly studied.

The proposed congruence measurement takes advantage of recent methodological advancements based on Cheung’s (2009) structural equation modeling-based latent congruence modeling (LCM) in order to model relative brand experience as a unique latent construct. Previously, the use of difference score approach has been limited due mainly to reduced reliability of the calculated scores (see Peter et al. 1993 for review), but the SEM-based LCM approach can overcome the reliability issues along with ensuring measurement equivalence across the component measures.

The remainder of this article is divided into several sections. First, a brief overview of the brand experience construct is presented. Next, the conceptualization and operationalization of brand experience congruence is discussed. Third, we articulate the methods and results of the present study assessing the applicability of a brand experience scale in a retail setting, as well as the modeling of brand experience congruence. The discussion is followed by an empirical replication and analysis of Brakus et al.’s (2009) model of brand experience. Finally, the managerial and research implications of the reported research are explicated.

CONCEPTUAL BACKGROUND

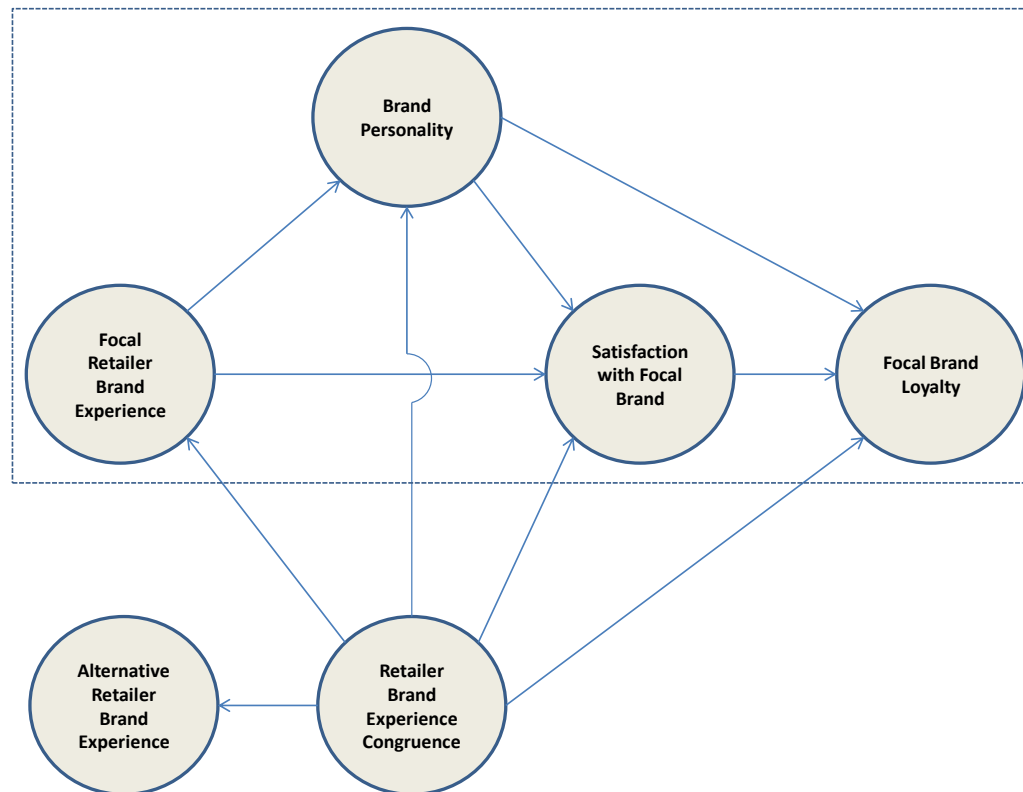
Brand Experience as a Construct

Brand experience as “sensations, feelings, cognitions, and behavioral responses evoked by brand-related stimuli that are part of a brand’s design and identity, packaging, communications, and environments” (Brakus et al. 2009, p. 52) is a second-order construct that consists of four first-order constructs: sensory, affective, behavioral, and intellectual experiences. As demonstrated by Brakus (2009), brand experience is distinguished from other brand-related constructs such as brand attachment, involvement, brand association, and brand personality. In comparison to brand attachment (Thomson 2005), brand experience is not an emotional relationship with the brand. It is also not a motivational concept, hence differs from involvement (Zaichkowsky 1985). Because brand experience captures specific sensations, feelings, cognitions, and behavioral responses, it also is a separate concept from attitude (Fishbein 1975), which corresponds to general evaluative judgments about the brand. Brand personality, or “the set of human characteristics associated with the brand” (Aaker 1997, p. 347), is another construct that relates closely to brand experience. Previous studies show that forming brand personality is a highly inferential process (Johar, Sengupta, and Aaker 2005), and in Brakus et al. (2009) brand experience is proposed to be an antecedent of brand personality.

Figure 1 represents the model tested in Brakus et al. (2009), and this extension model. Brakus et al. (2009) used the model to demonstrate their proposed brand experience scale’s discriminant and predictive validity. The study reported in this article extends their inquiry from experiential brands in general to retailer brands (i.e., retailer names). As we aim to verify the applicability of brand experience scale in a retailing context, it is critical to compare the results to Brakus et al. (2009) to determine whether retailer-specific experience operates the same way as general brand experiences in terms of predictive and discriminant validity. In addition to the replication, included in Figure 1 is a brand experience congruence construct to determine whether congruence in experiences offer any additional contribution to predictive validity. The process of developing the latent scale for this purpose is described next.

FIGURE 1

Brand Experience and its Direct and Indirect Effects on Satisfaction and Loyalty (Model by Brakus et al. 2009 in dash-lined box) and the Extension Proposed by Ishida and Taylor



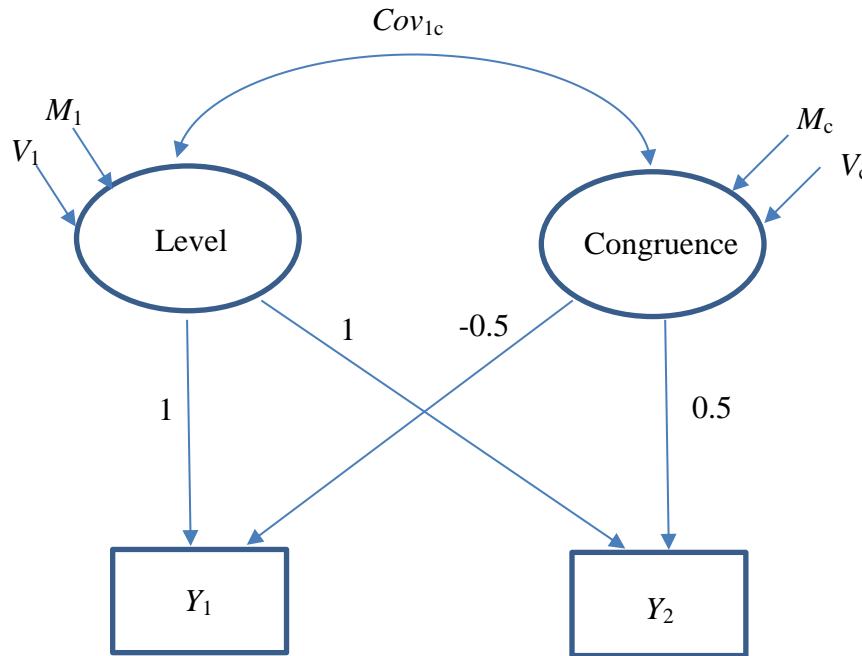
Modeling Brand Experience Congruence as a Unique Latent Construct using LCM

In addition to examining the applicability of a brand experience scale in retailing, the present study also attempts to explore the role of *experience congruence*. Does a consumer's brand experience at a focal retailer directly impact his/her satisfaction with the retailer brand, or can the differences/similarities in brand experiences (as compared with alternative retailer brand

experience) better inform us of the level of consumer satisfaction and loyalty? To answer this question, Cheung's (2009) LCM was operationalized, which allows the creation of an independent latent construct of experience congruence. Cheung (2009) defines congruence as involving agreement, fit, or similarity. Consistent with Cheung's conceptualization, brand experience congruence is a process of congruence between the brand experience at the focal brand retailer and the brand experience at the best alternative retailer.

FIGURE 2

Basic Latent Congruence Model (adopted from Cheung 2009, p. 9)



The basic premise of Cheung's (2009) LCM is to create two higher-order factors to represent the mean ("level") and difference ("congruence") of two independent component measures (See Figure 2). The factor Level is operationalized as the mean rating of Y_1 (focal brand experience) and Y_2 (alternative brand experience), which are independent observed variables, and is specified as a latent factor that has fixed factor loadings of 1 on Y_1 and Y_2 . Congruence is a latent factor that has fixed factor loadings of -0.5 on Y_1 and 0.5 on Y_2 and is operationalized as the difference in rating between Y_1 and Y_2 . The LCM can be expressed as:

$$Y_1 = \text{Level} - 0.5 \text{ Congruence} \quad (1)$$

$$Y_2 = \text{Level} + 0.5 \text{ Congruence} \quad (2)$$

Adding equations 1 and 2 yields:

$$\text{Level} = \frac{Y_1 + Y_2}{2} \quad (3)$$

Subtracting Equation 1 from Equation 2 produces:

$$\text{Congruence} = Y_2 - Y_1 \quad (4)$$

Also shown in Figure 2 are M_1 (the Level grand mean), V_1 (variance of the mean rating of Y_1 and Y_2), M_c (the average difference between Y_1 and Y_2), and V_c (the variance of the difference). The Level and Congruence are allowed to co-vary, which is represented by cov_{1c} .¹

The two observed variables Y_1 and Y_2 can be further replaced by two latent variables (η_1 and η_2) with multiple indicators (Latent LCM). This then becomes a second-order factor analysis model in which the second-order factors ξ_1 and ξ_2 define the Level and Congruence of the two first-order latent variables (η_1 and η_2). The structural equation of η and ξ is:

$$\eta = \alpha + B\eta + \Gamma\xi + \zeta \quad (5)$$

where α are the intercepts, B are the regression coefficients among η , Γ are the regression

¹ For more complete mathematical description of the five model parameters (M_1 , M_c , V_1 , V_c , and cov_{1c}), refer to Appendix A of Cheung (2009, p.26)

coefficients of η on ξ , and ζ are residuals of the structural equations. From Equation (5) η_1 and η_2 can be expressed as:

$$\eta_1 = \alpha_1 + \xi_1 - 0.5\xi_2 + \zeta_1, \text{ and} \quad (6)$$

$$\eta_2 = \alpha_2 + \xi_1 - 0.5\xi_2 + \zeta_2 \quad (7)$$

The expected values of η_1 and η_2 are:

$$E(\eta_1) = \alpha_1 + E(\xi_1) - 0.5E(\xi_2) = \alpha_1 + \kappa_1 - 0.5\kappa_2 \quad (8)$$

and

$$E(\eta_2) = \alpha_2 + E(\xi_1) - 0.5E(\xi_2) = \alpha_2 + \kappa_1 + 0.5\kappa_2 \quad (9)$$

where κ_1 and κ_2 are estimates of M_1 and M_c , respectively. To solve (6) and (7) and to identify the model, the constraint of $\alpha_1 = \alpha_2 = 0$ is made, such that:

$$\kappa_1 = \frac{E(\eta_1) + E(\eta_2)}{2} \quad (10)$$

$$\kappa_2 = E(\eta_2) - E(\eta_1) \quad (11)$$

Therefore, κ_1 and κ_2 are estimates of M_1 and M_c , respectively. In Study 1 and Study 2 the LCM method is used to create a latent construct of congruence to represent brand experience congruence between the focal brand experience and alternative brand experience. In the present study focal brand experience is represented as Y_1 , while Y_2 represents alternative brand experience.

Figure 1 depicts this extension of Brakus et al. (2009) model for brand experience influences by adding the latent factor of *brand experience congruence*. This latent construct captures the similarity between one's brand experience at the focal retailer and that of the best alternative. This model will help us understand whether an alternative retailer brand experience indirectly impacts the focal retailer satisfaction and loyalty.

METHODS

A total of 225 undergraduate students (at a mid-sized/large public university in the Midwest) were recruited from marketing classes and participated in the study, which was conducted online. The final sample size, after deletion of eight incompletely filled out questionnaires, six failing to assert truthfulness in a validity check, and 13 for asserting strongly

negative perceptions of their focal brand was 211. The final sample consisted of 105 male (49.8 %) and 106 female (50.2 %) students. This student sample is deemed appropriate considering their extensive experience with retailers as consumers. For the focal retailer brand, the participants were instructed to choose a retailer that they have "personally frequented and that provides a strong experience" for them. An alternative retailer brand was named by the participants that "directly competes with this selected retailer brand." Example brand names (Wal-Mart and Best Buy) were provided to avoid confusion. Measurement items are displayed in the Appendix. Statistical analyses were conducted using SPSS 19.0 and AMOS 19.0. Data were normalized prior to model estimation.

Measurement

A total of five constructs were included in this study: focal retailer brand experience, alternative retailer brand experience, brand personality, satisfaction with focal retailer brand, and focal retailer brand loyalty. Consistent with the current study's aim, Brakus et al.'s (2009) brand experience scale was used to measure both the focal and the alternative retailer brand experiences. We also used the same scales used in Brakus et al. (2009) for the other three variables to be consistent in this measurement so that the comparison between their study context (brands of all kinds) to this context (retailing) was a fair comparison.

The Appendix contains all the measurement items used in the study and their composite reliability scores and Average Variance Extracted (AVE). After deleting items that had factor loadings below 0.60, all of the composite reliability scores exceeded Bagozzi and Yi's (1988) recommended threshold of 0.60 for composite reliability. Similarly, all AVE's were above Fornell and Larcker's (1981) recommended threshold of 0.50. Discriminant validity was assessed as per Anderson and Gerbing (1988). Every pair of constructs passed a pairwise χ^2 difference test. Readers will note that some items were dropped in the process of measurement assessment (CFA), leading to a significant number of item deletions having occurred with the brand experience scale. The details are provided in the following results section. Correlation and descriptive statistics are reported in Table 1.

TABLE 1¹
CORRELATION AND DESCRIPTIVE STATISTICS^{1,2}

	Mean	Std. Dev.	1	2	3	4	5	6
1. Focal Brand Experience	3.95	1.18	1.000					
2. Alternative Brand Experience	3.56	1.09	.137*	1.000				
3. Brand Personality	4.73	1.04	.587*	-.066	1.000			
4. Focal Brand Satisfaction	5.78	1.09	.374*	-.193*	.553*	1.000		
5. Focal Brand Loyalty	5.20	1.39	.481*	-.078	.581*	.719*	1.000	
6. Marker Variable	3.64	1.38	.380*	-.001	.544*	.396*	.572*	1.0

¹ The values reported here are based on composite scales

² Value with asterisk (*) indicates $p < .05$

Measurement Validation: Common Method Bias

Common method variance is a potentially significant problem in survey research (Podsakoff et al., 2003, Williams et al., 2010). Williams et al. (2010) propose the Comprehensive CFA Marker Technique (CCMT, hereafter) as a method designed to control shared variance associated with the use of self-reports as a measurement method (e.g., consistency motifs, transient mood states, illusory correlations, item similarity, and social desirability). The CCMT compares multiple models using a marker variable to control for shared variance.

Briefly, the CCMT operates by first developing a Baseline Model that (1) fixes the factor loadings and measurement variance estimates for the marker variable based on the CFA, and (2) identifies the marker variable as orthogonal by not allowing factor correlations with the substantive constructs. This is necessary to establish the meaning of the marker (latent) variable because in all subsequent models the marker latent variable is linked to the substantive indicators via secondary loadings. The Method-C model adds additional (fixed) factor loadings from the marker latent variable to each of the indicators

of the substantive constructs in the model. Comparing the Baseline to the Method-C models provides a test of the presence of method variance associated with the marker variable. The Method-U model relaxes the fixed constraint in the Method-C model. Comparing the Method-C and Method-U models provides a test of the assumption of equal method effects. Finally, the Method-R model uses the obtained factor correlations from the Baseline Model to compare to the Method-C or Method-U model, respectively. The Method-R assessment tests the biasing effects of the marker variable on substantive relationships (i.e., whether the factor correlations are significantly biased by marker variable effects). Thus, an insignificant Method-R comparison signals a measure of comfort in concluding that common method variance does not bias obtained results in model assessment.

In choosing a marker variable, Williams et al.'s (2010, p. 31) suggests a marker variable "... capturing or tapping into one or more sources of bias that can occur in the measurement context for given substantive variables being examined, ...". We reasoned that an alternative potential source of theoretically-related bias in the context of the current research might be the brand equity associated with the less-preferred substitute

retailer brand. That is, brand equity perceptions for an alternative brand stored in a consumer's memory might color perceptions of brand experiences and subsequent attitudes, such as through memory markers similar to that proposed by Hee-Kyung et al. (2009). Table 2 presents the results of the multi-step CCMT methodology in the current research. We were able to demonstrate with some confidence that shared variance does not influence the obtained results. Specifically, the chi-square difference test passes between the Baseline Model and Method-C Model ($\Delta\chi^2 = 2.87$, critical value = 3.84), which suggests that marker variable effects are not significant. However, readers are cautioned to consider that the subsequent comparisons between Method-C and Method-U ($\Delta\chi^2 = 75.34$, critical value = 25) and between Method-U and Method-R ($\Delta\chi^2 =$

140.88, critical value = 16.92) suggest potential non-equal method effects and a significant bias factor correlation estimates, respectively.

Phase two of CCMT involves reliability decomposition, which allows for quantifying the amount of method variance associated with the measurement of the latent variables in the current study. Using Method-U model, which was the best model accounting for marker variance on substantive indicators, the following results were obtained:

$$R_{\text{Total}} = R_{\text{Substantive}} + R_{\text{Method}} \rightarrow .9022 = .8962 + .0077$$

It is demonstrated that very little of the achieved reliability scores can be attributed to issues related to methods (Williams et al., 2010).

TABLE 2

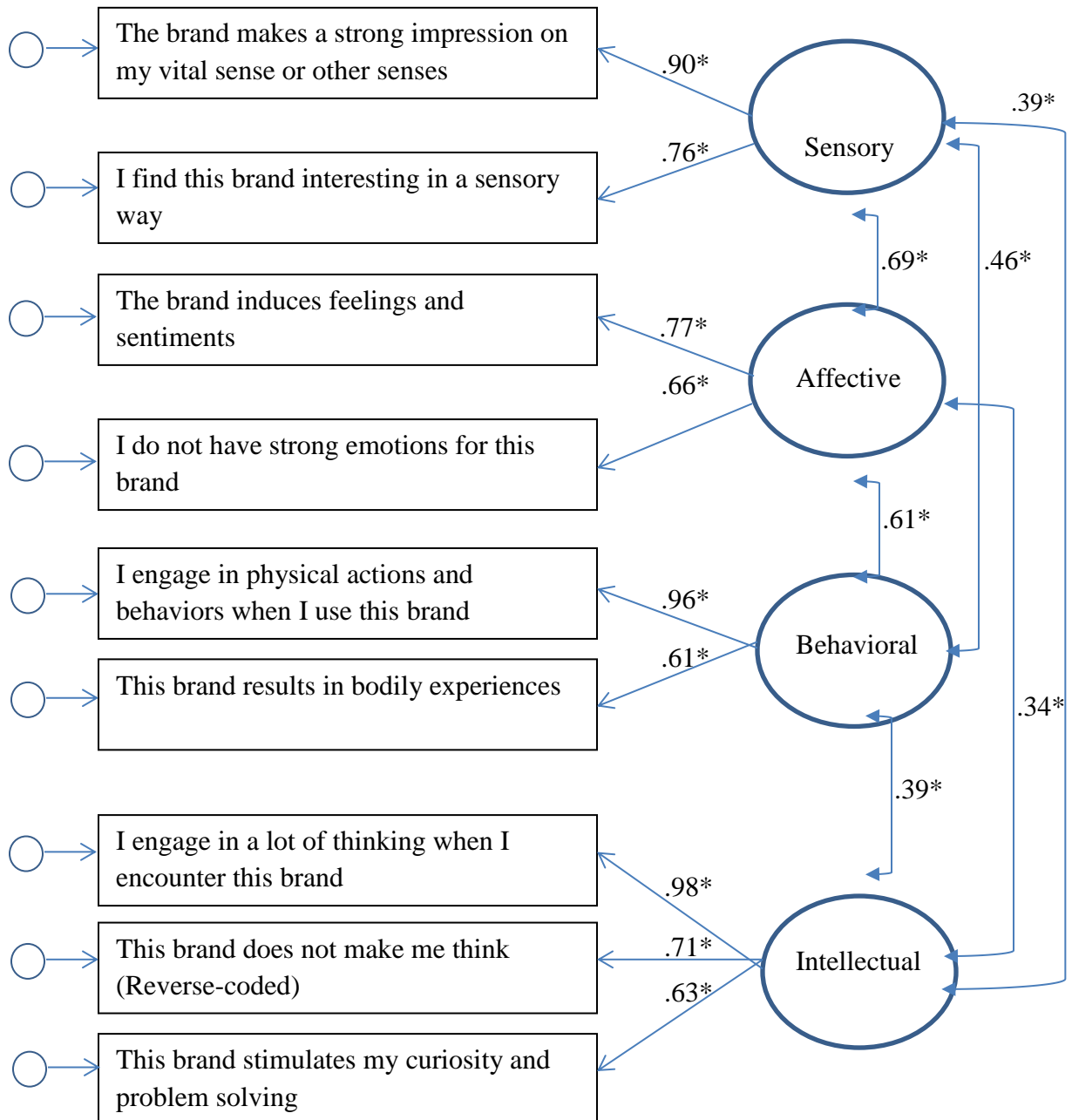
Common Method Variance Assessment

CCMT Model	χ^2	df	CFI
CFA	304.97	137	.92
Baseline	372.39	147	.89
Method-C	369.52	146	.89
Method-U	294.18	131	.92
Method-R	435.06	140	.86

Chi-square Model Comparison Tests

Δ Models	$\Delta \chi^2$	df	Critical Value
Baseline vs. Method-C	2.87	1	3.84
Method-C vs. Method-U	75.34	15	25.00
Method-U vs. Method-R	140.88	9	16.92

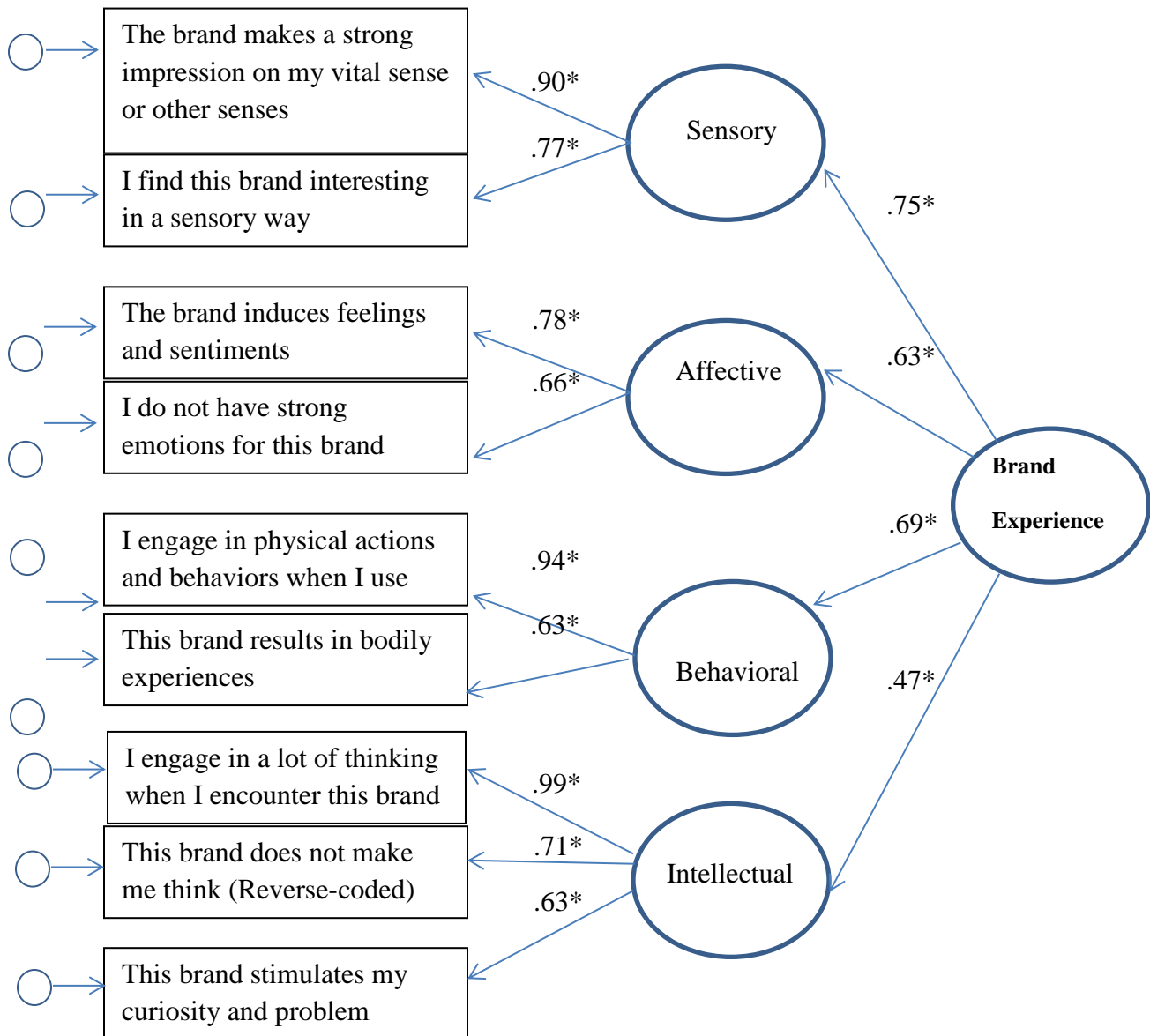
FIGURE 3

Confirmatory Factor Analysis Results for the Four-Factor Model^{1,2}

1. Factor loadings are standardized estimates. Double-arrows represent correlations

2. * = $p < .05$

FIGURE 4
One-Factor Higher Order CFA



Applicability of Brand Experience Scale in Retailing

In order to test the applicability of brand experience scale developed by Brakus et al. (2009) in a retailing context, we conducted a CFA based on all the brand experience measurement items. As shown in Figure 3, the four-factor model (no higher order scale of brand experience included) resulted in acceptable factor loadings and model fit ($\chi^2 = 57.08$, $df = 21$, $CFI = .95$, $TLI =$

$.92$, $IFI = .95$, $RMSEA = .09$). However, when modeling brand experience as a second-order factor (see Figure 4), the Intellectual Experience factor dropped its prominence with a factor loading of $.47$, which is statistically significant but not substantial (i.e., $>.60$). Thus, Intellectual Experience fails to substantially account for the higher-order factor of brand experience. The outcome indicates that, in a retailing context, the second-order four-factor brand experience scale as postulated by Brakus et al. (2009) does not appear

to adequately converge. In other words, only sensory, affective, and behavioral experiences appear to contribute to the retail brand experience. With the higher-order consisting of the three subdimensions, the model fits well fit ($\chi^2 = 13.08$, $df = 6$, CFI=.98, TLI = .96, IFI = .98, RMSEA = .075).

Prior to estimating these models, we also checked for possible multicollinearity between focal brand experience and congruence by (1) checking the correlation coefficient between the two and (2) analyzing the Variance Inflation Factor (VIF) in a regression form. For the former, the correlation coefficient was 0.137 ($p < .05$). VIF between the two first and second-order factors

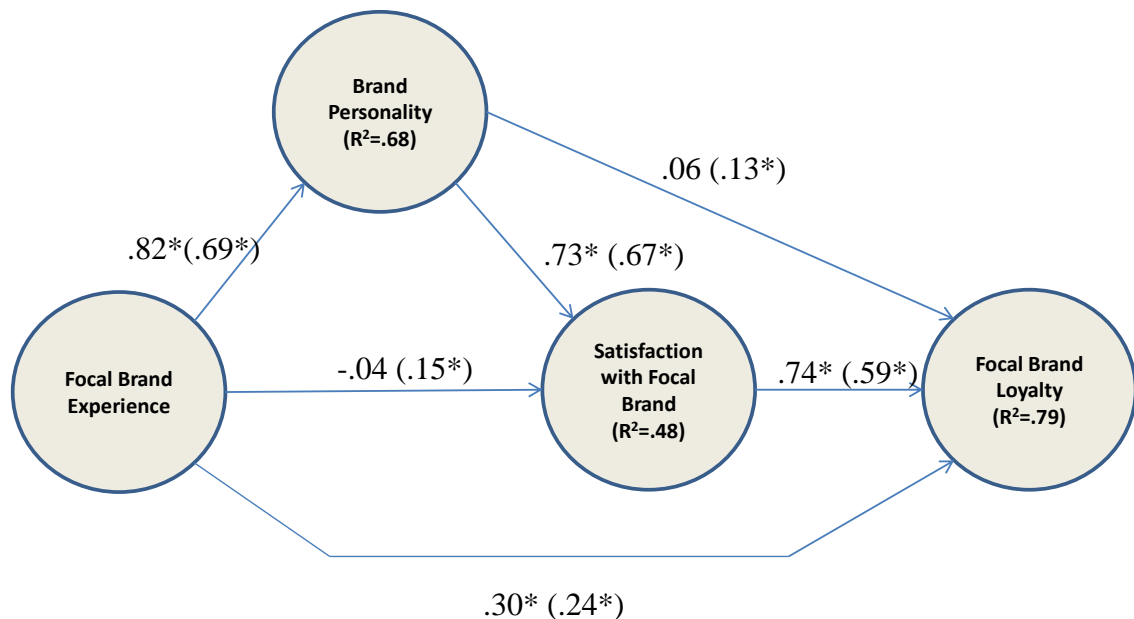
were 1.019 with tolerance of .981, and VIF is sufficiently below recommended threshold of 10 (Myers 1990).

Assessment of the Brakus et al. (2009) Model in a Retailing Context

As identified in the preceding section, we modeled brand experience as a second-order factor with only three subdimensions (sensory, affective, behavioral experiences) in subsequent analyses.

FIGURE 5

Study Results in Comparison to Brakus et al. (2009)^{3,4,5}



Fit indices: $\chi^2 = 190.74$, $df = 83$, CFI = .94, TLI = .92, IFI = .94, RMSEA = .08

³ Standardized coefficients are shown with asterisk indicating $p < .05$

⁴ Brakus et al. 2009 results in parenthesis

⁵ R² values reported are from this current study

As shown in Figure 5, two of the paths that were reported significant in the Brakus et al. (2009) study were not significant in this study: Brand Experience → Satisfaction, and Brand Personality → Brand Loyalty. The remaining paths resulted in a very similar pattern with the ones reported by Brakus et al. (2009), in terms of the magnitude of effects. The model exhibited acceptable fit ($\chi^2 = 190.74$, $df = 83$, $CFI = .94$, $TLI = .92$, $IFI = .94$, $RMSEA = .08$). The R^2 values for brand personality, satisfaction, and loyalty are .68, .48, and .79, respectively. The outcome may be due to two things. First, as described in the previous section, this brand experience scale did not include intellectual experiences as a subdimension. Another possibility is that in a

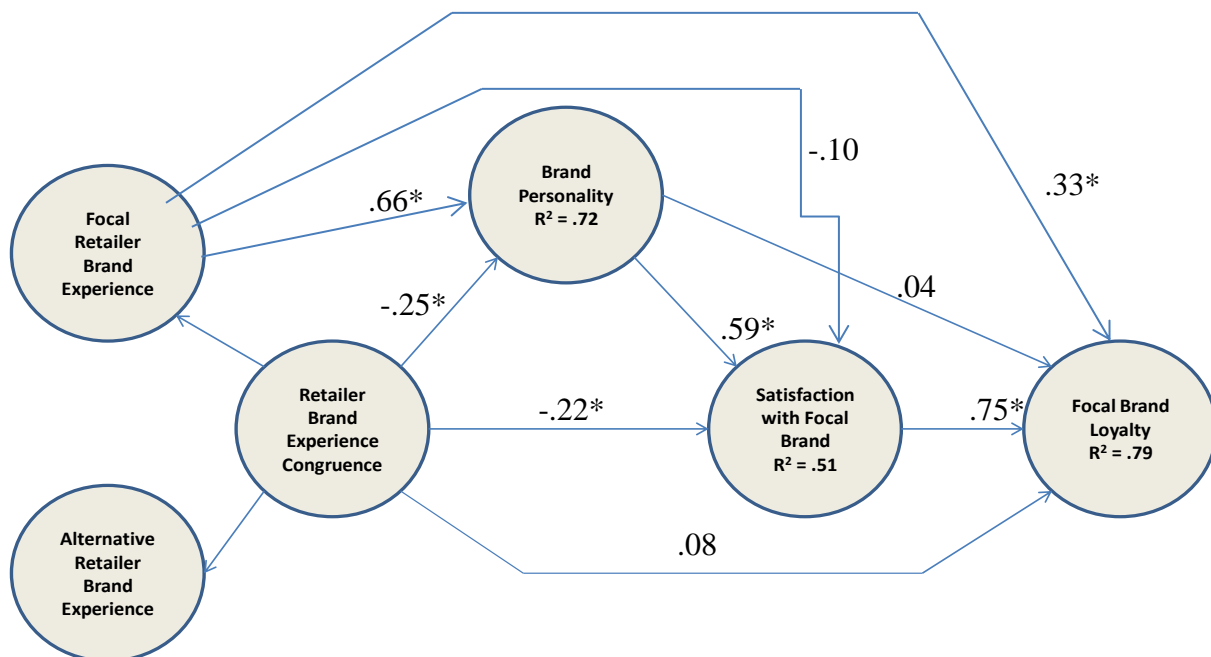
retailing context, these paths may simply be non-existent.

Assessment of the Role of Brand Experience Congruence

Next, *brand experience congruence* was added to the original model. We used Cheung's (2009) LCM approach to model a latent congruence construct deriving from the difference between focal retailer brand experience and alternative retailer brand experience. The results are shown in Figure 6. The model resulted in acceptable fit ($\chi^2 = 267.39$, $df = 124$, $CFI = .92$, $TLI = .91$, $IFI = .93$, $RMSEA = .07$). The R^2 values for brand personality, satisfaction, and loyalty are .72, .51, and .79, respectively.

FIGURE 6

Alternative Model Results



($\chi^2 = 267.39$, $df = 124$, $CFI = .92$, $TLI = .91$, $IFI = .93$, $RMSEA = .07$).

Readers are encouraged to compare the results reported in Figure 5 with these in Figure 6.

First, the newly introduced concept of retailer brand experience congruence contributed to the explained variance of both brand personality and satisfaction with the focal brand. The results suggest that brand experience congruence does detract from the focal brand experience \rightarrow brand personality path. **That is, the extent to which two retailer brands offer similar experiences the less the consumer associates focal brand personality with the focal brand experience. Another key finding is that, as reported in Figure 5, while the brand experience \rightarrow satisfaction path remains non-significant ($\beta = -.10$, $p > .05$), the brand experience congruence \rightarrow satisfaction is ($\beta = .22$, $p < .05$). This suggests that, in a retailing context, brand experience does not lead to satisfaction, but satisfaction may be lessened if the brand experience at focal retailer is similar to that at the alternative retailer.** Interestingly, focal brand experiences do associate positively with brand loyalty, whereas brand experience congruence do not.

DISCUSSION

The present study examined the applicability of the recently developed brand experience scale developed by Brakus et al. (2009) in a retailing context. We also implemented a recently developed method of latent congruence modeling (LCM) proposed by Cheung (2009) to model brand experience congruence in order to explore the role of experience congruence. The results of both the original model and the alternative model together suggest a number of managerial and research implications.

Implications

First, with regards to the applicability of the Brand Experience scale in a retailing context, the results suggest that the scale performs well overall only as a first-order four-factor model. When modeled as a second-order factor with four subdimensions, intellectual experience shows less than substantial factor loading to the higher-order scale of brand experience. This suggests that consumers do not equate cognitive activities with

the retailer brand per se. Rather, they more or less engage in cognitive thinking with brands of product they purchase from the retailer.

Second, the brand experience scale was used without the intellectual experience subdimension to test the model proposed by Brakus et al. (2009) as a means of assessing the predictability of the brand experience scale. As shown in Figure 5, two of the paths that were reported by Brakus et al. (2009) to be significant and positive (focal brand experience \rightarrow satisfaction, and brand personality \rightarrow brand loyalty) were not significant in this study when extended to retailer brands. There are a couple of possibilities that can explain these results. It is possible that the differences in results were due simply to the fact that this brand experience did not include intellectual experience. In addition, the discrepancy could have been caused by the context of this particular study. It is possible that, in a retailing context, brand personality's role is minor in development of brand loyalty. Similarly, it is also possible that retailer brand experience is not a significant direct predictor of satisfaction in a retailing situation.

Lastly, brand experience *congruence* was added to the original model, and the results (Figure 6) suggest that experience congruence does offer additional insights into how consumers develop retailer brand satisfaction and loyalty. For example, results from this study reveals that it is not the retailer brand that directly impacts the retailer satisfaction, but it is the experience congruence with an alternative retailer brand. In the Brakus et al. (2009) study brand experience directly influenced satisfaction. The difference here could be due to (1) this study's context of retailing or (2) the use of three subdimensions as compared to four used in their study. We also found that focal retailer brand experience was positively associated with brand loyalty, while brand experience congruence was not. This suggests that brand experience and brand experience congruence operate differently in the minds of consumers in a way that uniquely explains retailer brand experience's role in consumer satisfaction and loyalty. This was also the case with the formation of brand personality. Focal retailer brand experience remained significant and positive in the formation of brand personality, but this effect was mitigated by the brand experience congruence. In other words, the more similar the consumer's brand experiences

are at focal and an alternative retailer brand, the less the consumer identifies brand personality with the focal retailer brand.

In sum, this study's context of retailing extends Brakus et al. (2009) in a way that offers a unique perspective of brand experience and its consequences. The use of LCM to model congruence also allowed us to explore the differing effects of brand experience congruence. Up to now, there have been both theoretical and methodological barriers to furthering this understanding of modeling the congruence concept. The current research highlights experience congruence's potentially unique and prominent role in the development of retailer satisfaction and loyalty. This has managerial implications. For example, if a retailer wants to increase customer satisfaction the manager should highlight differences in retailer brand experience compared to those of competitors. Similarly, distinguishing the retailer from competitors would also aid shoppers in identifying brand personality for the retailer brand.

LIMITATIONS AND FUTURE RESEARCH DIRECTION

The present study offers new insights into brand experience in a retailing context, but it is not without room for improvement and for future research opportunities that can further this understanding. First, we had a limited number of variables in this survey in order to test the model proposed by Brakus et al. to test discriminant and predictive validity of brand experience. Future studies may explore the role of brand experience and experience congruence in terms of other brand-related and non-brand-related consequences such as brand attitude (Voss, Spangenberg, and Grohmann 2003) and perceived value (Grewal, Monroe, and Krishnan 1998).

Second, although Brakus et al. (2009) included retail brands in the brand experience scale development, our study suggests that the scale may need additional experiential attributes specific to a retailing context. For example, the retail purchase performance scale by Mathwick, Malhotra, and Rigdon (2001) might profitably be used in conjunction with the Brakus et al. (2009) scale. The former includes seven indicators of experiential value: efficiency, economic value, intrinsic enjoyment, escapism, visual appeal, entertainment, and service excellence. Other

studies have also focused on the effect of retail environment on atmospheric experience of shopping (Cameron et al. 2003; Grewal et al. 2003; Morin et al. 2007). Future studies may consider expanding the retailing-specific brand experience operationalization beyond that used in Brakus et al. (2009).

Related to this second limitation is concern over the choice of brand equity as a marker variable. Williams et al. (2010) point out that our collective understanding of "appropriate" marker variables is very limited at this time. These authors suggest that researchers examine the nomological nets of the substantive variables being examined. Judgments can then be made about how central a potential marker variable is in such a net. They caution researchers to take care in selecting potential marker variables with strong theoretical and empirical relationships to substantive variables. In the case of the current research, brand equity was selected because the constitutive and operational nuances between independent brand concepts are not well understood. Hence, we consider the use of brand equity to be perhaps an overly conservative approach toward trying to parse out the common variance associated with issues related to price in brand decisions. Had we chosen instead to focus on customer value perceptions explicitly, this may have been problematic. It is our considered opinion that the approach we took is defensible as we established discriminant validity, the lack of multicollinearity, and that the marker variable performed as designed in the methodological analyses.

Lastly, in the survey respondents were instructed to choose a retailer that they have "personally frequented and that provides a strong experience" for them; however we did not specify a line of trade. Examples of retailers (Wal-Mart, Best Buy) were mentioned in the survey instrument; however it is possible that respondents chose dissimilar lines of trade in which brand experience and brand experience congruence may vary in importance. This could present a serious limitation in terms of explaining brand experience's relationships to other brand-related variables. Though, we also note that (1) the brand experience scale itself is versatile and (2) brand experience congruence (i.e., difference between focal brand experience and that of an alternative) also needn't be unique to a specific line of trade, as variances in importance of brand experience

and brand experience congruence also vary between individuals. Nonetheless, future research may further verify this point by specifying lines of trade and then making comparisons to the results from our study.

As a future research direction it will also be interesting to investigate the influence of marketing strategy, such as a brand's positioning strategy and marketing mix on brand experience (congruence) formation, as research has shown these can significantly impact a consumer's loyalty intensity (Bhattacharya 1998; Bagozzi and Dholakia 2006). The extant research has also shown the prominent role of advertising on retail experience (Deighton 1988; Cutler et al. 2000), and this too may enhance the understanding of not only retail brand experience but also experience congruence. Lastly, the implementation of the LCM method contributes to advancing our understanding of congruence formation, and perhaps in the future it can be further explored in other contexts.

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APPENDIX
Measures^a

Variable	Source	Measures	Composite Reliability	Average Variance Extracted (AVE)
Satisfaction (+3 to -3, 7 points)	Adapted from Brakus et al. (2009)	Overall, I would characterize my experience with the retailer I selected as84	.52
		I'm Disgusted to I'm Content I'm Dissatisfied to I'm Satisfied They are Doing a Poor Job to They are Doing a Great Job A Poor Choice to A Wise Choice I'm Unhappy to I'm Happy		
Brand loyalty (7-Point Likert Scales)	Adapted from Brakus et al. (2009) and Keller (2008)	I consider myself loyal to my selected retailer brand. I buy at my selected retailer brand whenever I can. This is the one retailer brand I would prefer to buy from/use. I would go out of my way to shop at this retailer brand. In the future, I will be loyal to this retailer brand.	.88	.72
<i>Sensory Experience</i>				
Brand Experience (7-Point Scales Poled from Not At All Descriptive to Extremely Descriptive)	Brakus et al. (2009)	This retailer brand makes a strong impression. I find this retailer brand interesting in a sensory way. This retailer brand does not appeal to my senses. ^b (-)	.82/.75	.70/.61
		This retailer brand induces feelings and sentiments. I do not have strong emotions for this retailer brand. ^{b, c} (-) This retailer brand is an emotional brand.		
<i>Affective Experience</i>				
<i>Behavioral Experience</i>				
Brand Experience (7-Point Scales Poled from Not At All Descriptive to Extremely Descriptive)	Brakus et al. (2009)	I engage in physical actions and behaviors when I shop at this retailer brand. This retailer brand results in bodily experiences. This retailer brand is not action oriented. ^{b, c} (-)	.78/.83	.65/.71
<i>Intellectual Experience</i>				
Brand Experience (7-Point Scales Poled from Not At All Descriptive to Extremely Descriptive)	Brakus et al. (2009)	I engage in a lot of thinking when I shop at this retailer brand Shopping at this retailer brand does not make me think (-) Shopping at this retailer brand stimulates my curiosity and problem solving.	.83/.84	.62/.65

Brand Personality (7-Point Scales Poled from Not At All Descriptive to Extremely Descriptive)	Brakus et al. (2009) adapted from Aaker (1997)	Sincerity: “down-to-earth,”	.86	.61
		“honest,” “wholesome,”	.84	.64
		“cheerful”	.68	.52
		Excitement: “daring,” “spirited,”	.79	.65
		“imaginative,” ^b “up-to-date”		
		Competence: “reliable,”		
“intelligent,” “successful” ^b				
Sophistication: “upper-class”				
“charming”				
		Ruggedness: “outdoorsy, tough”		
Marker Variable – Brand Equity (7-Point Likert Scales)	Taylor et al. (2007) adapted from Netemeyer et al. (2004)	The prices at the alternative retailer brand I selected would have to go up quite a bit before I would switch to another retailer. I am willing to pay a higher price for the alternative retailer brand I selected than for other retailer brands. I am willing to pay a lot more for the alternative retailer brand I selected than other retailer brands.	.84	.65

a = Readers will note two sets of analysis associated with the constructs of Brand Experience. The first score refers to reliability/AVE for the focal brand, and the second for the alternative brand.

b= This item was dropped from Experience scale for focal brand based on CFA.

c = This item was dropped from Experience scale for alternative brand based on CFA.

“I WILL HAVE NO OTHER!” – THE ROLE OF COMMUNICATION AND TRUST IN DRIVING EXCLUSIVE BEHAVIOR

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ABSTRACT

Marketers are increasingly interested in establishing true loyalty since it can greatly extend an organization's relationship marketing efforts. This paper focuses on an underrepresented aspect of true loyalty (i.e., exclusive behavior) and investigates the role that some of the most important relational exchange constructs (i.e., communication, trust, affective commitment) play in creating emotionally bonded, truly loyal customers in a retail-service environment. Survey data from 444 customers of a regional coffee house chain was analyzed with hierarchical regression analysis. Results show that trust in the retailer moderates the relationship between retailer communication quality and customer affective commitment, such that the impact of increasing quality communication on affective commitment was strongly positive and significant under conditions of higher trust in the retailer and nonsignificant under conditions of lower trust. Affective commitment was found to mediate the effect of the interaction on customer exclusive behavior. These results point to the importance of communication as a managerially relevant variable, but its effect is negated if consumers do not trust the retailer. Results highlight the importance of continued trust-building efforts in creating emotionally bonded consumers who often exhibit exclusive patronage behavior. Such findings suggest that communication and trust play an important role in B2C relationships and deserve the same attention as received from B2B academics and practitioners.

INTRODUCTION

In today's competitive environment, relationship marketing (RM) has become a priority for businesses as firms struggle to gain a larger share of the market. Building customer loyalty not only increases sales performance, but also lowers costs and offers a less expensive route

than customer acquisition (Reichheld and Sasser 1990). Countless studies are devoted to discovering what drives loyalty, but often they mistakenly use loyalty behaviors (e.g., repeat purchases) as a proxy for “true loyalty” (e.g., Fournier 1998). Yet, research shows that many of these loyalty behaviors can also be explained by inertia (Wu 2011; Huang and Yu 1999; Odin, Odin, and Valette-Florence 2001). Rather, the ultimate loyalty hoped to be gained by firms is characterized by a high relative attitude and high repeat purchase behavior (Dick and Basu 1994) in which consumers “...will have no other” (Oliver 1997, p. 392) and are emotionally committed to the firm (Wu 2011). Firms want to understand the environment and strategies that create customers that not only exhibit behavioral loyalty trends (e.g., repeat purchasing, exclusivity), but also possess the emotional attachment to the company to drive these behaviors in the future (Grisaffe and Nguyen 2011). In addition, it is this emotional attachment that creates customer advocacy and other prosocial customer behaviors that positively affect not only the focal relationship but other customer relationships (e.g., Melancon, Noble, and Noble 2011). Therefore, there has been a recent focus by both academics and practitioners to further understand what drives true loyalty behavior. The goal of this research is to shed light on the mechanisms which develop emotionally bonded customers who exhibit exclusive patronage behavior.

This research contributes to the literature by using traditional relational constructs (i.e., trust and affective commitment) to explore the link between one of the most important relationship marketing strategies (i.e., communication) and one of the most important relational outcomes (i.e., exclusive behavior) in a retail setting. Recent work suggests that communication might be *the* single most important antecedent to relational outcomes (Palmatier 2008). Trust is noted as the foundational component of relationships (Spekman 1988), while commitment is the largest differentiator of spurious loyalty

based on inertia and true loyalty (Wu 2011). However, some scholars have called into question the efficacy of firms' relationship strategies in building trust (O'Malley and Prothero 2004). These researchers call for greater delineation of the role of trust in B2C contexts. Further, recent research has revealed that trust might act as more of a filter in relational exchanges, providing a basis for interpreting interactions rather than driving specific emotional or behavioral outcomes (Walz and Celuch 2010; Parayitam and Dooley 2009). The trust-commitment relationship has been well established, but no empirical research explores the role of trust as a moderator, especially in the link between communication strategies and commitment.

The overriding goal of this study is to help marketers understand how communication can lead to emotionally attached customers that exhibit exclusive behavior. In addition, we explore how trust might play a moderating role rather than a mediating role in this process. The following sections provide a review of relevant literature and build reasoning and support for the proposed relationships. Following a description of the methodology and results, the article concludes with a discussion of theoretical and managerial implications.

Relationship Marketing and True Loyalty

Relationship marketing (RM) is "the process of identifying, developing, maintaining, and terminating relational exchanges with the purpose of enhancing performance" (Palmatier 2008, p. 5). The point of RM is to create mutually beneficial exchanges and interactions that bond the customer to the selling organization rather than to competitors. Companies do not want to share customers or have inert customers purchasing out of habit. Rather, companies desire true loyalty behaviors that include exclusive purchasing behavior (Liu 2007) where the company gets all the customer's purchases and referral behavior (e.g., Dean 2007) in which the company gets more customers from referrals. These loyalty behaviors are the type motivated not by constraints or habit but by emotional bonds formed between the company (or its representatives) and the customer (e.g., Zhang and Bloemer 2008; Wang 2002; Dean 2007). The bonds that unite buyer and seller together are the

foundation of RM (Roberts, Varkie, and Brodie 2003). The emotional bond, often overlooked by researchers and practitioners, is a necessary element for lasting relational exchanges (Wu 2011). This bond is manifested by affective commitment, which is defined as "a customer's attachment to, identification with, and involvement in the organization" (Auh, Bell, McLeod, and Shih 2007, p. 362; Meyer and Allen 1991).

The Moderating Role of Trust in the Communication-Affective Commitment Relationship

How do you create this bond, affective commitment, which leads to exclusive behavior? Communication has long been recognized as a foundational element of relational exchanges (e.g., Dwyer, Schurr, and Oh 1987; Mohr and Nevin 1990), with links to satisfaction (e.g., Mohr and Spekman 1994), trust (e.g., Morgan and Hunt 1994), and commitment (e.g., Anderson and Weitz 1992). Recently, research has revitalized and intensified the role of communication in the relational exchange process noting it as "... the most universally positive antecedent in terms of strengthening initial levels of trust and commitment, as well as relating to positive growth rates in the future" (Palmatier 2008, p. 62). This study is interested in communication quality since research has pointed to its critical role in relationship success (e.g., Mohr and Spekman 1994) and its importance over other dimensions (Andersen 2001). We define communication quality as the customer's perception of the quality of the information received from the seller regarding its products and services (Mohr and Spekman 1994).

While most of the work on communication in RM has been conducted in the B2B literature (e.g., Mohr and Nevin 1990; Morgan and Hunt 1994), its role in managing consumer relationships is just as important, especially in the services sector. Communication plays a large role in reducing uncertainty, which is especially helpful in a services context with its intangible nature and credence properties. In one of the few studies of communication in a B2C retail context, Guenzi, Johnson, and Castaldo (2009) found that communication was the only managerially controlled variable in their model of four

antecedents that drove customer trust in the salesperson, store, and products. Nonetheless, we must look to B2B literature to determine the role that communication plays in building emotional bonds and affective commitment in relational exchanges. This research shows that communication positively impacts affective commitment (e.g., Anderson and Weitz 1992; Mohr, Fisher, and Nevin 1996). Therefore, we suggest that communication plays a pivotal role in building affective commitment in a retail-service context.

However, research has pointed to the fact that boundary conditions might exist for how communication processes work in relationships (Mohr et al. 1996). A construct that has received significant attention in B2B settings which might be relevant to understanding relational boundary conditions is trust. Most studies have only considered the main or mediating effect of trust in relational outcomes (Dirks and Ferrin 2001). For example, the B2B and B2C literature provide support for direct relationships between communication and trust (e.g., Morgan and Hunt 1994; Ball, Coelho, and Machás 2004), and trust and commitment (e.g., Morgan and Hunt 1994; Geyskens, Steenkamp, Scheer, and Kumar 1996; Kim and Frazier 1997; Zhang and Bloemer 2008).

Dirks and Ferrin (2001) raise theoretical and empirical considerations that point to the appropriateness of examining the role of trust as a moderator influencing individual behavior. They suggest that trust may act as a filter through which interactions are assessed and as such trust may interact with communication. Further, Dirks and Ferrin (2001) point to the mixed results associated with tests of direct effects for trust in organizational settings. For example, trust has been found to positively influence organizational citizenship behavior and organizational commitment (Pillai, Schriesheim, and Williams 1999), compliance with a decision (Kim and Mauborgne 1993), and intent to remain with an organization (Robinson 1996). In contrast, nonsignificant effects for trust have also been observed for organizational citizenship behavior (Deluga 1994), commitment (Brockner, Siegel, Daly, Tyler, and Martin 1997), goal acceptance (Oldham 1975), and dyad performance (Schurr and Ozanne 1985). The idea that trust may provide the condition under which certain effects may operate is one explanation for these mixed results (Dirks and Ferrin 2001). Note that Dirks

and Ferrin (2001) are not arguing against trust as a mediator but are arguing for “expanding the discussion” on how trust may work. Finally, as highlighted by these researchers, thinking of trust as a moderator as opposed to a mediator implies different conceptual understanding and practical intervention. Thus, expanding our understanding of how we typically think the trust construct works is an important advance for research and practice, particularly, in the B2C area.

Therefore, we contribute to the literature by exploring the moderating role of trust on the relationship between communication quality and affective commitment. Following related research (Chiou and Droge 2006; Davis-Sramek, Droge, Mentzer, and Myers 2009), this study focuses on the cognitive component of trust. The belief component focuses on the confidence that a partner has in the dependability and reliability (Sirdeshmukh, Singh, and Sabol 2002), integrity (Morgan and Hunt 1994), or benevolence of the other party (e.g., Anderson and Narus 1990). We investigate the integrity and benevolence dimensions of trust (Ball et al. 2004) since our communication quality construct is measured by aspects of accuracy and completeness (similar to the concept of reliability). Specifically, we propose the following (see Figure 1):

H1: Trust in the retailer will positively moderate the relationship between communication quality and affective commitment (such that the positive impact of communication on affective commitment will be stronger when trust in the retailer is higher).

The Mediating Role of Affective Commitment among Trust Communication and Exclusive Behavior

Commitment, or an enduring desire to maintain a relationship (Moorman, Zaltman, and Deshpandé 1992), has long been a central construct in studying relational exchanges (e.g., Morgan and Hunt 1994). Dwyer et al. (1987) delineated commitment as the last stage in relationship development, highlighting it as one of the most desirable goals for relational exchanges. Commitment is a key psychological bonding construct regardless of context (Fullerton 2005)

and is a motivator behind a diverse set of loyalty behaviors and attitudes (e.g., Dean 2007). Research shows that commitment is the one thing that separates spurious loyalty based on inertia from true loyalty (Wu 2011).

Furthermore, the construct is characterized by three varying dimensions: affective, continuance, and normative. Whereas affective commitment represents the psychological bond, liking, and/or identification of one party to another, continuance commitment is due to the associated costs of dissolving the relationship with the other party. Normative commitment is a bond that develops due to a perceived moral obligation to remain in the relationship (Meyer and Allen 1991; Gruen, Summers, and Acito 2000). Since affective commitment represents an internal motivation based on positive emotional bond, it is the dimension utilized in this research. Additionally, research from a variety of contexts is increasingly supporting the use of affective commitment, over normative and continuance commitment in relational exchange models due to its stronger relationship with loyalty behaviors of all kinds (e.g., Evanschitzky, Gopalkrishnan, Plassmann, Niessing, and Meffert 2006; Fullerton 2005; Melancon et al. 2011). We define affective commitment as “a customer attachment to, identification with, and involvement in the organization” (Auh et al. 2007, p. 362; Meyer and Allen 1991).

A great deal of attention has been devoted to debating the conceptualization of loyalty. Loyalty is typically defined either from a behavioral or affective perspective. For example, behavioral loyalty is conceptualized by the diverse set of behaviors that signify that a customer has a relationship with a firm – positive word-of-mouth, repeat purchasing, and increased share of wallet (e.g., Sirdeshmukh et al. 2002; Chaudhuri and Holbrook 2001). Affective loyalty (sometimes referred to as attitudinal loyalty) reflects a customer’s emotion, attitude, preference for, or degree of disposition with the firm or brand (e.g., Oliver 1999; Bhattacharya and Sen 2003). Researchers argue that behavioral loyalty alone is simply a reflection of spurious behavior or inertia

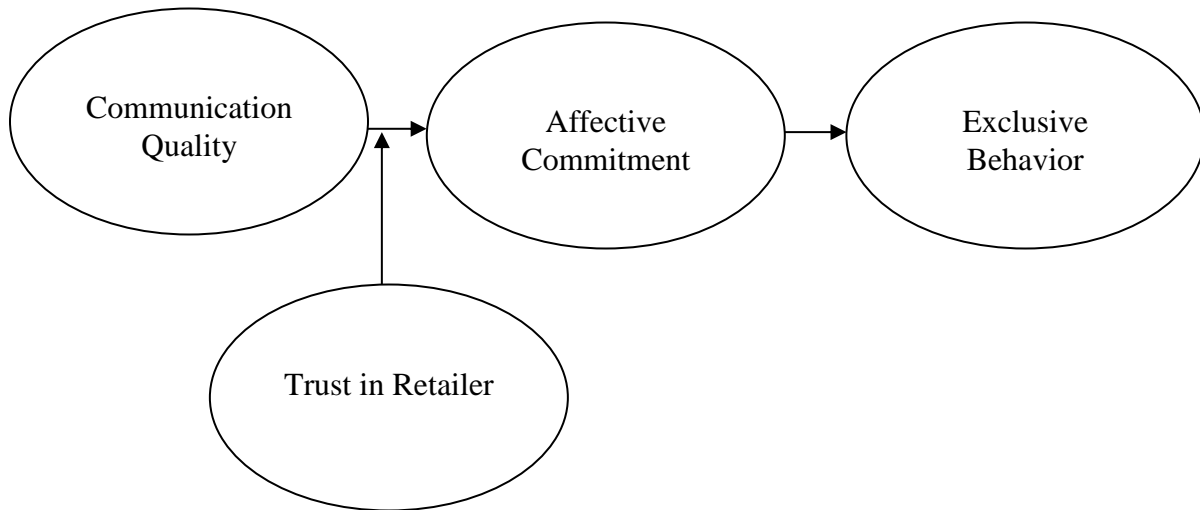
on the part of the consumer. However, attitudinal loyalty is akin to preference. Oliver (1999) describes the progression of loyalty through phases, in which he proposes that most conceptualizations of loyalty are not “true” loyalty, but rather a stage of preference. The “phases” perspective proposes that loyalty progresses from occurring in a cognitive, then affective, and then a conative fashion before consumers become loyal with their actions (Oliver 1997). He goes further to describe a state of “ultimate loyalty” in which the consumer will “have no other” and will pursue the object “against all odds and at all costs.”

It is this stage of loyalty that we address in this research, particularly by exploring the “have no other” (i.e., exclusive behavior) aspect. Not many other studies have looked at exclusive behavior as an outcome in relational models in any context (though see Liu 2007), even though exclusive behavior is a much more attractive goal than only retention or repeat purchasing, has practical implications for “share of wallet” measures (Liu 2007), and often leads to positive firm performance (Palmatier 2008). Affective commitment has been shown to lead to many loyalty behaviors, such as advocacy (Melancon et al. 2011), price insensitivity (Bloemer and Oderkerken-Schröder 2007), purchase intention (Dean 2007), and willingness to purchase more (Zhang and Bloemer 2008), and Wang (2002) found that affective commitment led to exclusive intention in three different consumer product samples. The current study goes beyond these studies, and we address an important gap in the literature by further examining affective commitment’s relationship with the important outcome of exclusive behavior. We propose that (see Figure 1):

H2: Affective commitment will mediate the relationship between the communication x trust interaction and exclusive behavior

Figure 1

Hypothesized Relationships



METHOD

This study employs a cross-sectional, single retailer approach that provides control over contextual effects. The approach has been used by the majority of studies in the relationship literature (c.f., Garbarino and Johnson 1999; Liu 2007). Even though the relationships are constrained to a single retailer, an acceptable amount of variance can be expected if the retailer is represented by multiple retail locations where customer experiences could differ.

Responses from customers of a large regional coffee house were used to test proposed relationships. A coffee house was deemed a good context for the investigation of the retailer-customer relationship for a few reasons. The offering includes both a product and service. Also, the very nature of customers' behavior related to coffee shops makes them a good context for studying relationship issues. For example, the frequency and duration of visits vary substantially across customers, with some customers visiting coffee shops once every three months and others three times a day. Similarly, some customers use drive-through options while others visit the store for extended periods of time. A large regional coffee house was chosen as the specific context

for this study because of some unique characteristics. It is an extension of the nation's largest family-owned coffee brand and serves four geographic markets with 30 locations. The coffee brand has been serving the local markets for 90 years, with the potential for some strong customer relationships. Furthermore, the coffee house holds a substantial market share in the areas that it serves yet has at least three major competitors in its markets, increasing the likelihood that not all customer relationships are completely committed.

Procedure, Questionnaire, and Sample

To assure variability across retailer-customer relationships and that the sample size was large enough to detect the possible effect of moderation, we utilized a non-probability convenience sample. However, the possibility of common method bias was reduced by using two modes of administration, and we ensured breadth by drawing from two "pools" of potential respondents. Customers of the coffee house were sampled to reach those at "active stages" of the relationship. In addition, members of a community organization were also utilized to expand the representativeness of consumers that held varying levels of relationships with the coffee house.

Both paper and online versions of the questionnaire were distributed, and all respondents were informed of the purpose of the study and that their responses would be anonymous. The questionnaire included measures of respondent perceptions related to model constructs and demographic descriptors.

Store intercept surveys were conducted in five stores over a four-week period. In addition, an online survey was emailed to members of a local community organization requesting their participation in the study. Given the context of the study, exploring relational process constructs such as trust, affective commitment, and exclusivity, a screening question was utilized in which individuals with no knowledge or only awareness of the coffee house were eliminated from participation. This was deemed critical as assessments of relational constructs would have no basis in experience for these individuals. Thus, individuals that self-reported some patronage (but not necessarily exclusive patronage) were retained. Note that this initial screening question was different from the key dependent variable that assessed an individual's specific perception (on a Likert-type format) related to exclusive patronage. This procedure resulted in a total of 444 usable surveys for individuals identified as active customers.

The average respondent age was 32 (with a range of 18-76) and 54% were female. Thirty-seven percent of respondents had some college, and 32% held a bachelor's degree. Managers/professionals and full-time students accounted for 35% and 43% of respondents, respectively. A majority of the sample (51%) had been a customer of the coffee house between one and five years. The average number of visits per month to the coffee house for a respondent was eleven.

Measures

The questionnaire included measures of respondent perceptions related to the communication quality of the retailer, their trust in the retailer, their affective commitment to the retailer, their exclusive patronage behavior to the

retailer, and demographic descriptors. Table 1 includes a complete description of construct items.

Communication quality broadly assessed the customer's perception of the quality of communication they have received from the coffee house (Mohr and Spekman 1994). The measure consisted of two, five-point items relating to the accuracy and completeness of product information. Communication quality was included as a construct because of its pivotal role in relationship creation and evolution (c.f., Palmatier 2008).

Two aspects of retailer trustworthiness were captured from respondents and combined to form the trust construct. Benevolence was appraised with two, five-point items adapted from previous research, assessing respondents' belief that the coffee house acts in the best interest of the customer and goes out of its way for the customer (Sirdesmukh et al. 2002; Verhoef, Franses, and Hoekstra 2002). Also adapted from previous work, integrity was measured with two, five-point items assessing respondents' belief that the coffee house can be characterized as an organization that upholds ethical standards (e.g., "keeps its promises") (Verhoef et al. 2002).

The affective commitment construct assessed customer feelings for and emotional attachment to the retailer. Four, five-point items, adapted from previous work, assessed respondents' pride in being a customer, caring about the company's long-term success, attachment to the retailer, and the guilt they would feel if they visited another coffee house (e.g., Garbarino and Johnson 1999; Verhoef 2003).

To assess customers' exclusive patronage behavior, respondents were asked to indicate their agreement with the item "Only visit _____ and no other coffee houses" (e.g. Wang 2002). The five-point item was scaled "strongly disagree" to "strongly agree".

TABLE 1
Confirmatory Factor Analysis Results

Constructs and Items	Standardized Coefficient
Communication Quality (Mohr & Spekman, 1994)	
My perception of _____ is that it ...	
Provides accurate information about its products and services.	.84
Gives complete information about its products and services.	.75
Trust (Sirdeshmukh et al. 2002; Verhoef et al. 2002)	
My perception of _____ is that it ...	
Has customers' best interest at heart.	.66
Goes out of its way for customers.	.72
Won't take advantage of its customers.	.83
Keeps its promises.	.80
Affective Commitment (Garbarino & Johnson, 1999; Verhoef 2003)	
Regarding your relationship with _____, you...	
Feel proud to be a customer.	.66
Care about the long-term success of _____.	.69
Feel guilty if you visit other coffee houses.	.60
Remain a customer because you feel an attachment to _____.	.75
Exclusive Behavior (e.g. Wang, 2002)	
Regarding your relationship with _____, you...	
Only visit _____ and no other coffee houses.	

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

All measures are scaled with five points, strongly disagree/strongly agree.

RESULTS

The primary purpose of this study was to test for mediated moderation, that is, that the effect of perceived quality of retailer communication on customer affective commitment varies across levels of trust in the retailer with the combined effect working through affective commitment to influence exclusive behavior. Before addressing the research hypotheses, reliability, convergent validity, and discriminant validity were assessed for all multi-item measures. Measures were above recommended thresholds for Cronbach's Alpha and composite reliability (composite reliabilities for communication quality = .78, trust = .84, and affective commitment = .77) (Fornell and Larcker 1981). Confirmatory factor analysis was used to

assess the convergent validity of measures, and observed indicators were all statistically significant ($p < .01$) for their corresponding factors. Measurement model fit statistics (χ^2 (32) = 86.090, $p = .000$, TLI = .95, CFI = .97, RMSEA = .06) suggested that the observed indicators are representative of constructs. Table 1 presents measures used in this study.

Discriminant validity of multi-item measures was assessed by a series of pair-wise confirmatory factor analyses. For each pair of measures, the chi-square was significantly smaller for the model representing two separate constructs in comparison to the alternative model uniting the constructs as one. Therefore, trying to force measures of different constructs into a single underlying factor led to a significant deterioration

of model fit in comparison to the two-factor model (Anderson and Gerbing 1988). In addition, the amount of variance extracted for each construct is .63 for communication quality, .57 for trust, and .46 for affective commitment. For all pairs of constructs, the amount of variance extracted for each construct is greater than the squared correlation between constructs (Fornell

and Larker 1981). These results provide support for the discriminant validity of the measures. Summated scores of the multi-item scales were used to address the research hypotheses. Table 2 provides the means, standard deviations, correlations, and reliabilities of measures.

TABLE 2

Descriptive Statistics and Correlations for Constructs

	Standard		X1	X2	X3	X4
	Mean	Deviation				
X1 Communication Quality	4.3	.59	.77			
X2 Trust	4.0	.65	.56	.84		
X3 Affective Commitment	3.3	.75	.33	.43	.76	
X4 Exclusive Behavior	3.0	1.35	.25	.31	.43	---

Correlations are significant at the .01 level.

Reliabilities (Alpha's) for multi-item measures are shown on the diagonal.

As previously noted, two pools of subjects and associated data collection procedures (in-store/paper and community group/online) were included to ensure variability and sample size. In order to check for sources of variation across groups, independent samples t-tests were performed for the construct measures used in the study. As expected, subject's surveyed in-store

evidenced significantly stronger perceptions related to communication quality, trust, affective commitment, and exclusive behavior than community organization respondents surveyed remotely. Table 3 provides the means and t-tests for these results.

TABLE 3

Mean Difference Tests for Constructs across the Two Subject Groups

	In-store/ paper	Comm. group/ online	t-test
Communication Quality	4.4	4.2	3.69
Trust	4.1	3.8	3.73
Affective Commitment	3.4	3.0	4.28
Exclusive Behavior	3.1	2.6	3.34

T-tests are significant at the .01 level.

In-store/paper n = 348 and Comm. group/online n = 92.

Hierarchical regression analysis, involving a series of models increasing in complexity, was used to test the hypothesized moderating and mediating relationships (Cohen and Cohen 1983). As a precaution, to test for effects of the different data collection procedures (in-store/paper and community group/online), a control variable representing the different collection procedures was included in the regression models. In the first step, communication quality, trust, and control were entered as predictors of affective commitment. Results of the hierarchical regression analyses are presented in Table 4. The first step model explained 21% of the variability in affective commitment.

In the second step, to test the proposed moderating effect of trust, the three interaction terms (communication quality x control, trust x control, and communication quality x trust) were added to the first step model. Given that the interaction term will correlate with the variables

from which it was created past convention advocated mean centering to address this issue (c.f., Aiken and West 1991). However, this option was not employed as recent evidence suggests that there is no advantage to mean centering in terms of addressing collinearity issues or stability of estimates (Echambadi and Hess 2007). In this step, predictions are supported by the data given that the communication quality x trust interaction is the only significant term that explained an additional amount of variance in commitment (R^2 change = .03, significant at $p < .01$ level) after controlling for the other direct and interaction effects. This effect compares favorably with common ranges (R^2 changes .02-.03) reported for moderator effects in non-experimental studies (Champoux and Peters 1987). Results support the predictions of moderation, that is, that the effect of communication quality on commitment varies across levels of trust.

Table 4
Regression Analyses Testing Moderating and Mediating Effects

	Model Results		F value change (R^2)
	R^2	F value	
<u>Moderation Test</u>			
Aff. Commitment = (.12*) Comm. Quality + (.34**) Trust + Control (-.12*)	.21	38.31**	
Aff. Commitment = (-.25) Comm. Quality + (-.38) Trust + (.33) Control + (-.53) Comm. Quality X Control + (.09) Trust X Control + (1.07**) Comm. Quality X Trust	.24	23.16**	6.55**
<u>Mediation Test</u>			
Exclusive Behavior = (.09) Comm. Quality + (.24**) Trust + (-.10*) Control	.11	18.32**	
Exclusive Behavior = (-.09) Comm. Quality + (-.08) Trust + (.57) Control + (-.42) Comm. Quality X Control + (-.24) Trust X Control + (.61*) Comm. Quality X Trust	.13	11.05**	3.46*
Exclusive Behavior = (-.01) Comm. Quality + (.04) Trust + (.46) Control + (-.25) Comm. Quality X Control + (-.27) Trust X Control + (.27) Comm. Quality X Trust + (.32**) Aff. Commitment	.21	16.61**	43.49**

Standardized coefficients appear in parentheses.

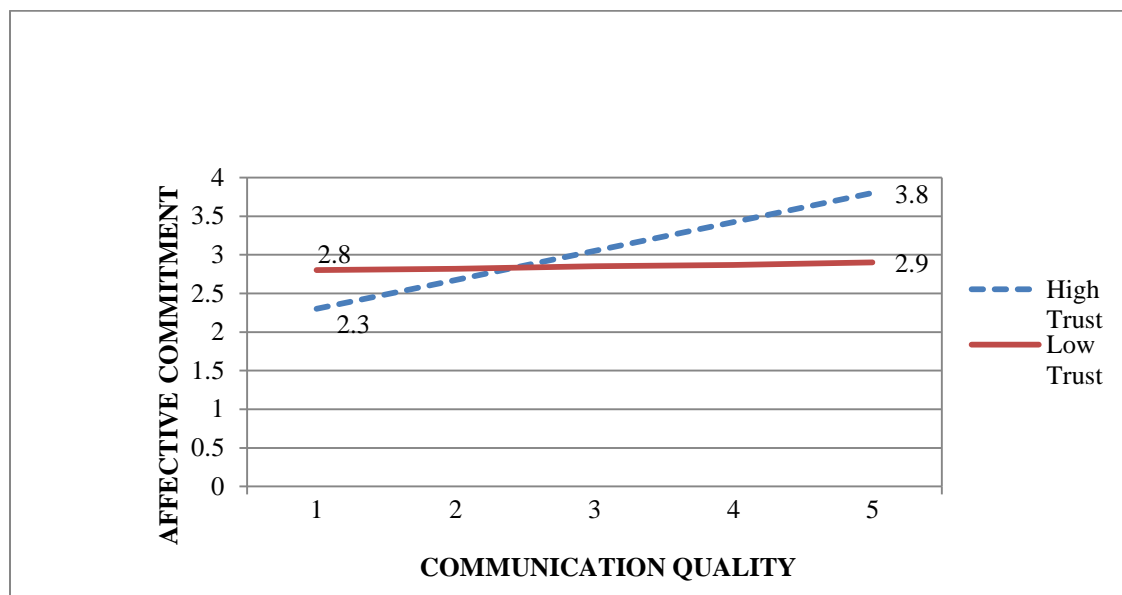
* $p < .05$; ** $p < .01$.

As recommended by Cohen and Cohen (1983) and others (Stone and Hollenbeck 1984; Aiken and West 1991), to identify the nature of the interaction, slopes were plotted for individuals one standard deviation above the mean (High Trust Group Mean = 4.69) and one standard deviation below the mean (Low Trust Group Mean = 3.22) for trust in retailer. Figure 2 displays the interaction effect on affective commitment. The impact of increasing quality of

retailer communication on affective commitment was strongly positive and significant under conditions of higher trust in retailer ($F = 19.59$ (1, 175), $p < .01$). In contrast, the impact of increasing quality of retailer communication on commitment was nonsignificant under conditions of lower trust in retailer ($F = 0.07$ (1, 142), $p < .80$).

FIGURE 2

The Moderating Effect of Trust in Retailer on Retailer Communication Quality and Customer Affective Commitment



In order to test whether affective commitment mediates the effect of the communication quality x trust interaction on loyalty, three conditions must be met: 1. The interaction should have a significant effect on affective commitment; 2. The interaction should also have a significant effect on loyalty; and 3. As compared to condition #2, the impact of the interaction on loyalty should significantly diminish when commitment is included in a regression model predicting exclusive behavior (Baron and Kenny 1986).

The above conditions were examined and results are summarized in Table 4. With respect to the first condition, as reported earlier, the

communication quality x trust interaction significantly explained an additional amount of variance in commitment after controlling for other direct and interaction effects. With respect to the second condition, the communication quality x trust interaction also significantly explained an additional amount of variance in loyalty (R^2 change = .02, significant at $p < .05$ level) after controlling for the other direct and interaction effects. Lastly, for the third condition, the influence of the communication quality x trust interaction is significantly diminished (with the standardized coefficient decreasing from significant to nonsignificant) when affective

commitment is included in the regression model predicting exclusive behavior.

As a precaution, variance inflation factors (VIF's) were examined to assess the effects of collinearity among the independent variables. For the regressions, not surprisingly due to the interaction terms, VIF's exceeded the recommended 10.0 cutoff (Hair, Black, Babin, Anderson, and Tatham 2006). As a further check, the authors also utilized the two step procedure identifying condition indices above 30 and for any such indices, identifying multiple variables with variance proportions above 90 percent. For the independent variables in the moderation test, the condition indices for the interaction terms all exceeded the recommended cutoff. However, the proportion of variance accounted for by each of these terms did not exceed .90 for more than one variable as recommended by Hair et al. (2006). For the test for mediation, we again followed the same two step procedure for VIF's above 10. Although the condition indices for all interaction terms again exceeded 30, the proportion of variance accounted for by each of these terms did not exceed .90 for more than one variable. Thus, a collinearity problem is not indicated.

In summary, consistent with predictions, trust in the retailer was found to interact with communication quality of the retailer to moderate the relationship between communication quality and customer affective commitment. Specifically, for customers having stronger trust in the retailer, communication quality positively affected their affective commitment to the retailer. In contrast, for customers having weaker trust in the retailer, communication quality did not significantly influence their affective commitment. Further, as predicted, affective commitment was found to mediate the effect of the interaction on customer exclusive behavior. Although utilizing two different data collection procedures, we tested for and mitigated the possibility that the data collection procedures directly, or in interaction with other constructs, account for the observed effects.

DISCUSSION

Marketing researchers and retail managers are increasingly interested in understanding the dynamics behind establishing true loyalty since it can greatly extend the effectiveness and efficiency of an organization's RM efforts. Many studies

use repeat purchase behavior as a proxy for loyalty behavior, but inertia can explain this type of loyalty behavior (Wu 2011; Huang and Yu 1999). This paper focuses on an underrepresented aspect of true loyalty in the marketing literature (i.e., exclusive behavior) and investigates the role that some of the most important relational exchange constructs (i.e., communication, trust, affective commitment) play in creating emotionally bonded, truly loyal customers in a retail-service environment. Understanding how communication affects affective commitment and exclusive behavior is important given that communication has recently been identified as the single most important RM antecedent (Palmatier 2008). To the authors' knowledge, this study is the first time these constructs have been examined in an integrated approach. Results suggest that it is the combined influence of communication quality and trust that is important in understanding customer's affective commitment and exclusive behavior.

These findings contribute to the literature in several ways. This research shows that communication plays an important role in B2C relationships and deserves the same attention in B2C relational exchange studies as it received in early B2B research. The results also support recent efforts that have pinpointed communication as one of the most critical, managerially-relevant relational exchange components (Palmatier 2008). Future research could examine other aspects of retailer communication apart from accuracy and completeness of information, such as content, mode, or channel that might contribute relationship enhancing or deteriorating effects. For example, does front-line employee or corporate communication have a stronger effect on relationship creation and evolution? Further, the present study examined perceptions of retailer-to-customer communication. An important enhancement of the B2B relational literature relates to the inclusion and exploration of dyadic communication. Thus, future research could explore the influence of customer-to-retailer communication quality in addition to retailer-to-customer communication quality. Indeed, such expansion of the communication construct would be consistent with current thinking in the development of the customer engagement construct (van Doorn et al. 2010; Verhoef, Reinart, and Kraft 2010).

A second contribution of the research relates to the strong effects found for trust as a moderator with communication quality positively influencing affective commitment only for high trust customers. Therefore, even if managers provide quality communication to their customers about their products and services, the positive effect this has on building emotionally bonded customers is negated if customers do not trust that the retailer is benevolent and has integrity. Stated another way, earning high levels of trust is essential to making quality communication pay off. Might low trust help clarify why many dissatisfied customers do not communicate complaints to retailers/companies? If so, this finding would argue for trust as an essential construct to understand appraisal processes in B2C relational exchange contexts.

This study also provides further support for the importance of developing emotionally-bonded customers and is the first that illustrates its importance in creating exclusive behavior in the retail-service context. This work supports previous studies and provides further support for the claim that true loyalty studies must include measures of affective commitment (e.g., Wang 2002; Fullerton 2005). Furthermore, results show that affective commitment and the emotional bond that it creates, completely mediates (i.e., transfers) the effects of communication quality and trust on exclusive behavior. Therefore, if retail-service firms want to find a way to keep customers coming to their stores, over their ever-increasing competitors, they must develop an emotional connection to the customer. Understanding exactly what creates the emotional bond in customers is therefore of extreme importance (Grisaffe and Nguyen 2011). Practitioners have utilized a variety of financial, social, and structural relationship marketing programs to bond the customer to the organization, often leaving marketing managers frustrated with the returns from RM efforts (Colgate and Danaher 2000). Perhaps these problems can be addressed by focusing on how these programs and other managerially relevant constructs (e.g., store environment, employee trustworthy behaviors) garner/inhibit affective commitment to the firm, which emotionally bonds the customer to the firm and has the potential for more effective results.

An interesting parallel for the effect of affective commitment on exclusive patronage

exists in the grudge holding literature, only in reverse. The notion that emotional upset, often related to a service process failure, can trigger grudge holding – extreme exit and long-term negative word of mouth - has long been recognized and elaborated in the literature (Hunt, Hunt, and Hunt 1988; Hunt and Hunt 1990; Huefner and Hunt 1992). It appears that in much the same way that affective commitment works positively to bond consumers to service providers, for grudge holding, strong emotional intensity works negatively to destroy the customer-service provider connection (Aron 2001; Otto et al. 2004). Similar to the dynamics captured in the present study, Thota and Wright (2006) suggest that negative emotion might play a mediating role in the decay rate of grudge holding.

A final contribution relates to exclusive patronage as a focal construct. Very few studies have attempted to investigate the antecedents of this type of loyalty behavior, even though exclusive behavior is a very desirable relational outcome, and RM is about increasing customer share not market share (Peppers and Rogers 1994). This research delineates itself from the majority of loyalty studies by examining the extreme end of Oliver's loyalty spectrum (Oliver 1999) rather than looking at loyalty behaviors that can also be explained by inertia (e.g., repeat purchasing) (Huang and Yu 1999; Wu 2011).

Future research could explore how exclusive behavior resulting from affective commitment could contribute to patronage network effects. Network theory understands customer value as stemming from network value, that is, interdependence among consumer and retail entities (McIntyre and Subramaniam 2009). Do customers that exhibit exclusive behavior also tend to be advocates for the firm? Given that affective commitment has been positively linked to advocacy, an interesting issue relates to the possibility of trust transference from advocates to potential new customers. Ferrin and colleagues (2006) suggest that, in organizational contexts, communication may facilitate the transference of trust via third parties. Might committed customers, developed through quality communication, not only exhibit exclusive behavior, but also initiate and facilitate the development of trust for new customers?

The results also highlight the importance of building trust early on in the relationship and

properly maintain these perceptions throughout the life of the relationship (e.g., Selnes 1998). Because of the competitive retail environment, firms are likely to frequently invest in quality improvement efforts, but realized benefits from such actions may be negligible (or negative) for customers who do not have sufficient trust in the retailer. Therefore, retail firms need to be sending a consistent message to all stakeholders, across all channels and levels of the organization, that they truly care about customers (i.e., benevolence trust) and that they are honest and ethical (i.e., integrity trust). Organization literature has found that behaviors like individualized consideration and/or concern, reciprocal information sharing, and feedback contribute to benevolence and integrity trust (Bass 1999; Gillespie and Mann 2004; Whitener 1997). In addition, trust engenders a sense of attachment that leads to extra-role behaviors (Pillai, et al. 1999) and has been linked to organizational citizenship behaviors (Podsakoff, MacKenzie, and Bommer 1990). Within a retail context, what extra-role customer behaviors might trust engender? For example, are high trust customers more likely to support cause-related marketing efforts by retailers? Future research could also delineate between the moderating influence of various dimensions of trust such as competence, problem solving, or benevolence trust (e.g., Sirdeshmukh et al. 2002).

This study has several limitations which can be addressed in future research. The application of constructs, measures, and results across relational exchange contexts is sometimes inappropriate (Sirdeshmukh et al. 2002); therefore, care should be taken, and these results should be considered in their context and applied to studies investigating similar B2C contexts. Given the scope of B2C settings, these results might not generalize to other types of retailers. Another limitation is this study's cross-sectional, single-source measurement design; however, future longitudinal research could assess how these relationships hold over the life of a customer-retailer relationship. Still, it is important to note that common methods variance is not likely to account for interaction effects, a focus of this study, as method variance should increase correlations consistently between construct measures (Aiken and West 1991).

As with all research, additional constructs and measures could be included. For example, Salegna and Goodwin (2005) define true service

loyalty as consisting of satisfaction, emotional commitment, and repeat purchase behavior. While the present study includes constructs related to emotional commitment and repeat purchase as well as relational process constructs, future research could build on this thinking and include product and or service satisfaction constructs. Further, as an extension, an integration of the notion of unexpected high levels of satisfaction or performance, customer delight, might be particularly relevant in service contexts such as the present study given it has been found to work in parallel with satisfaction to impact behavioral intent (Oliver, Rust, and Varki 1997).

Of course, the primary dependent variable, exclusive behavior, is a single-item, self-report measure, and therefore could cause some concern for interpretation of the results. Although, the measure follows the practice of other research which has measured exclusive behavior with a single, self-report item (Wang 2002), future research could use a multi-item measure in which the psychometric qualities can be properly assessed.

In conclusion, while there is still much to be learned about how retailers can create emotionally bonded and truly loyal customers, communication quality and trust appear to have significant roles in the process. The present study contributes to relational exchange research by exploring processes critical to high quality retailer-customer relationships.

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CONSUMER PARTICIPATION AND THE TRUST TRANSFERENCE PROCESS IN USING ONLINE RECOMMENDATION AGENTS

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ABSTRACT

Online product recommendation agents (hereafter RAs) can provide important benefits to consumers. But whether consumers trust RAs and integrate an RA's recommendations into their product choices has not yet been examined. Nor has there been research on whether different levels of consumer participation in using RAs lead to different levels of trust in the RA. Using an experimental design that combined the benefits of a field study with those of a lab study, active consumer participation in using an RA was found to have increased consumers' trust in the RA, which in turn increased intentions to purchase based on the RA's recommendations. The study also proposed and found support for a trust transference process, hitherto not tested in the RA context, wherein trust in the website was a key driver for trust in its RA and the RA's recommendations. These findings extend the extant literature on RAs as well as research in offline contexts on consumer participation and the trust transference process. Managerial implications and directions for future research are also provided.

INTRODUCTION

Electronic screening tools and intelligent decision aids such as online product recommendation agents can offer important benefits to consumers who shop online or simply search for product information on the Internet (e.g., Alba et al. 1997; West et al. 1999). Based on software technology, online product recommendation agents (hereafter RAs) are designed to understand consumers' product preferences by eliciting inputs from consumers and making recommendations that allow consumers to screen large sets of product alternatives in a systematic and efficient manner (Häubl and Trifts 2000; Xiao and Benbasat 2007). Marketers have begun to equip their websites with recommendation technology because of the strategic importance of making RAs available to

consumers as a value-added service. For example, Economist (2005) reported that eBay paid \$620 million for Shopping.com, a shopping website with recommendation agents that offer product and price comparisons. Amazon, Yahoo, and other e-business leaders also offer recommendation agents on their websites.

RAs make product recommendations based on consumers' inputs generated from a preference elicitation process. The recommendations may involve no direct discussion of preferences or may be a result of personalized, two-way dialogues between individual consumers and the RAs. When the RA on Amazon.com suggests a new purchase, it makes recommendations tied to the customers' recent purchases, in the form of "Customers who bought this item also bought _____." In contrast, the RA on MyProductAdvisor.com asks the consumer many questions and then recommends a product choice. Thus, the basic difference between these two types of RAs is that whereas Amazon.com's RA makes product recommendations based on the consumer's browsing patterns, the RA on MyProductAdvisor.com recommends products based on the consumer's specific inputs regarding his/her product interests and preferences. Our study focuses on studying the latter type of RAs because we believe that they are more attuned to fulfilling specific consumer needs. But do consumers integrate either type of recommendation into their product choices? To a large extent, this depends on the trust consumers have in the RA or in the website where they are shopping. Trust is a salient factor of concern within the online shopping environment (e.g., Hoffman, Novak, and Peralta 1999; Urban, Sultan, and Qualls 2000). Moreover, consumers who seek advice from RAs for their purchase decisions may be unsure whether the RA is looking out for them or for the retailer.

Scholars have made a good start in examining the role of trust in consumers' adoption of RAs. For example, Wang and Benbasat (2005) found that perceived ease of use of an RA

positively affected consumers' trust in the RA, which in turn, positively affected perceived usefulness of the RA and consumers' intentions to adopt the RA. Komiak and Benbasat's (2006) study showed that perceived personalization and familiarity of an RA increased consumers' intentions to adopt the RA through the mediating effects of cognitive trust and emotional trust. Wang and Benbasat (2007) found that providing "how" explanations (i.e., how the RA came up with the recommendation) increased consumers' trusting beliefs in a RA's competence and that providing "why" explanations (i.e., why the RA thinks this is a good product for that consumer) and "trade-off" explanations (i.e., why this product is better than others) strengthened consumers' trusting beliefs in the RA's benevolence and integrity.

These studies provide interesting insights but also point to directions for further research on the trust issue as it relates to the evaluation and adoption of RAs. First, it may be useful to broaden the scope of trust referents when examining consumer trust within an RA-aided online shopping environment. Past research on RAs has focused on RAs as the trust referent, leaving a gap in the literature with respect to multiple referents. Yet an RA-aided online shopping environment consists of not only the RA but also the website and the specific product recommendations. The difference between these trust referents is similar to the subtle yet real differences between a consumer's trust in a sales person, the consumer's trust in the organization where this sales person works, and the consumer's trust in the sales person's recommendations of which product(s) to buy. Therefore, in addition to studying trust in an RA, trust in the other two referents (the RA's website and product recommendations) should be relevant for RA research. Although Rathnam (2005) included a construct labeled "trust in the agent's recommendations" in his study, the construct itself and the items used to measure it captured disconfirmation with consumers' stated preferences rather than trust. To fill this gap in the literature, the current research examines the two other relevant trust referents mentioned above in addition to the RA—the website in which the RA is embedded and the product recommendations provided by the RA—in order to gain a fuller understanding of the critical role of trust in consumers' evaluation and use of RAs.

By doing so, the current research extends "trust transference process" between 2 or more referents that has received empirical support in the offline, buyer-seller relationship context (e.g., Doney and Cannon 1997; Milliman and Fugate 1988; Wood, Boles, and Babin 2008) and in an online study (Stewart 2003) to the online RA context.

Second, the literature on RAs has examined intentions to adopt (or use) RAs as the main outcome variable of trust. Gentry and Calantone (2002) used three theoretical models (the theory of reasoned action, the theory of planned behavior, and the technology acceptance model) to explain consumers' attitudes and behavioral intentions to use "shop-bots" on the Internet. The current research investigates not one but three outcome variables—consumers' intentions to reuse the RA, to return to the RA's website, and to purchase based on the RA's recommendations—in order to extend the extant literature on RAs in actionable ways.

Finally, previous research on RAs has focused on examining the impact of an RA's technical design features such as ease of use, usefulness, and explanation mechanisms on consumers' trust in the RA. The role of consumers as active participants in using RAs has been largely ignored. However, consumer participation is an intrinsic part of using technology-based self-service (c.f., Dabholkar 2000) and interacting with an RA fits this type of self-service. Consumers participate in using RAs through providing important input such as the acceptable price range that they have for certain products and their likes and/or dislikes about certain product attributes. The quality and quantity of this input greatly determines how well RAs can understand and fully capture consumers' preferences and should have direct relevance for consumer trust and behavioral intentions. Yet, these aspects of consumer participation in using RAs have not been studied. Therefore, to fill this gap in the literature, the current research takes the perspective of consumers and investigates the impact of consumer participation in using RAs on consumer trust and behavioral intentions.

RESEARCH HYPOTHESES

Consumer Participation, Trust, and Behavioral Intentions

In the current study, consumer participation in using an RA is defined as the extent of the consumer's involvement in using the RA. This type of active participation would include greater interaction with the RA, such as

answering questions raised by the RA and providing product or price-range preferences.

Research has been conducted to study the impact of consumer participation in online brand communities on brand commitment and products as well as services usage intention (e.g., Casaló, Falvián, and Guinalú 2008; 2011). But consumer participation in online brand communities is different from consumer participation in using RAs. Consumer participation in online brand communities is in the form of consumers engaging with a certain brand community through generating and posting messages and interacting with other consumers who are also members of the community. Consumer participation in using RAs on the other hand, is in the form of consumers interacting with and using the RA technology on the Internet.

Research in *offline* contexts has shown that active participation positively influences trust in a variety of trust referents. Chalos and Haka (1989) found that increased employee participation in decision-making related to their jobs led to greater trust in the organization. Ouschan, Johnson, and Sweeney (2006) found that patients were more trusting of physicians who involved them in patient-physician consultations. Wang and Wart (2007) found that public citizens' active participation in public polices and government operations positively affected their trust in the government.

Moreover, whereas the RA literature has examined only one trust construct...i.e., trust in an RA; offline research (e.g., Doney and Cannon 1997; Milliman and Fugate 1988; Wood et al. 2008) and an online study (Stewart 2003) have examined several trust referents in the same study to attempt to understand the trust process in greater depth.

Based on the extant offline literature on customer participation as well as the possibility of several relevant trust referents in any given context, it is expected that active participation in using an RA will strengthen beliefs about the trustworthiness of the RA, the RA's website, and product recommendations provided by the RA. The reason for this is as follows: RAs are consumer-oriented by design because they are built to elicit inputs from consumers in order to better understand consumers' product needs and to make recommendations that match consumers' preferences. RAs' consumer orientation is manifested by greater interactions with

consumers, including initiating dialogues and asking relevant questions to understand consumers' product preferences and interests. Based on the inherent design of RAs, the more consumers participate in a dialogue with an RA and in navigating the RA's website, the better they will understand why and how the RA arrives at its recommendations and the more comfortable they will be with the RA's website. As a result, they will have greater trust in the RA and its recommendations as well as greater trust in the website that offers this RA. Thus, it is proposed that:

H1. Consumer participation in using an RA will have a positive effect on: (a) trust in the RA, (b) trust in the RA's website, and (c) trust in the RA's product recommendations.

A general link between trust and intentions has been established already in the *online* context. For example, Becerra and Korgaonkar (2011) studied the effects of brand, product, and vendor trust beliefs on consumers' intentions to make online purchases. More specific to the current research, the literature shows that trust in a website is a key determinant of consumers' intentions to purchase from an online store (e.g., Pavlou 2003; Schlosser, White, and Lloyd 2006). The literature also shows that trust in a website leads to intentions to bookmark a website and recommend the website to friends (e.g., Bart, Shankar, Sultan, and Urban 2005; Dabholkar, van Dolen, and de Ruyter 2009; Wang, Beatty, and Foxx 2004). In the context of using RAs, Wang and Benbasat (2005) found that trust in an RA had a positive effect on consumers' intentions to adopt an RA. Similarly, Komiak and Benbasat (2006) found that trust in an RA increased consumers' intentions to use the RA as a decision aid and as a delegate to make purchase decisions on their behalf. These findings on the link between trust and intentions, from online research in general and RA research in particular, are extended to the same three trust referents used for H1 and their matching behavioral intentions. Thus, it is proposed that:

H2a. Trust in the RA will have a positive effect on intention to reuse the RA.

H2b. Trust in the RA's website will have a positive effect on intention to return to the website.

H2c. Trust in the RA's product recommendations will have a positive effect on intention to purchase based on the recommendations.

The Trust Transference Process

The notion of trust transference has been widely discussed in offline contexts (e.g., Doney and Cannon 1997; Milliman and Fugate 1988; Wood et al., 2008). Milliman and Fugate (1988) found that, in an unfamiliar selling situation, a buyer's trust in the company's trade report was transferred to trust in a salesperson from that company. Doney and Cannon (1997) found support for the trust transference process in an existing relationship where a buying firm's trust in a supplier firm led to trust in salespeople who worked for that supplier firm. Wood et al. (2008) found a trust transference effect in the opposite direction in that customers' trust in a salesperson led to greater trust in the salesperson's firm. A trust transference process has been confirmed in an online context as well; Stewart (2003) demonstrated trust transfer from a known website to an unknown website embedded in the known site through a hypertext link.

Although trust transference has not been examined in the RA context, it is very likely that it takes place in this context as well. When consumers interact with an RA on a website, they first form perceptions of whether that website can be trusted. In other words, once trust in the website is established, that trust will be translated into trust in the RA on the website and in the RA's product recommendations. In addition, once a consumer trusts an RA, s/he will trust the RA's recommendations. This line of reasoning is supported by the work by Urban, Sultan, and Qualls (2000). These scholars found that trust on the Internet was built in a stage-by-stage, cumulative process in which trust in a website had to be first established before consumers could develop trust in the information provided on the website. Taking all of this into account, it is proposed that:

H3. Trust in the RA's website will have a positive effect on: (a) trust in the RA and (b) trust in the RA's product recommendations.

H3c. Trust in the RA will have a positive effect on trust in the RA's product recommendations.

Research hypotheses H1a-H3c are depicted in Figure 1.

METHODOLOGY

Research Design and Procedure

An experimental design that combined the benefits of a field study with those of a lab study was used to test the proposed conceptual framework. Two existing RAs on actual websites (myproductadvisor.com and shopping.com) were used to collect data. Using actual RAs on the Internet made the current research highly realistic and represented the field experiment aspect. At the same time, it was conducted as a scenario-based experiment, which represented the controlled environment of a lab study. Both RAs are need-based RAs and make product recommendations based on inputs elicited from consumers. The difference between the two RAs lies in the amount of input requested from consumers. This difference enabled the manipulation of the level of consumer participation in the experiment. The RA on myproductadvisor.com asks consumers a wide range of questions on brand preferences, intended usage situations, importance ranking of product attributes, and detailed product attribute specifications, and therefore, was selected to represent the high participation condition. In contrast, the RA on shopping.com asks fewer, basic questions such as price range and product attribute preferences, and therefore, was selected to represent the low participation condition.

A two-study process was envisioned to first examine the model with a student sample and then verify the results with a broader demographic. Students participated in computer labs of the university while non-student participants used an online format. In each study, the participants were screened to ensure that none of them had used either website (myproductadvisor.com or shopping.com) before. The participants were then randomly assigned to one of these two websites and asked to interact with the RA regarding product information, based on a scenario which they read first (see Appendix A). The scenarios mentioned a situation where the participant was in need of either a laptop

computer or a digital camera. Both products were chosen to represent situations where consumers are likely to search for information, compare options, and seek advice before making a purchase decision. Students were assigned to a laptop scenario, while non-students were assigned to a digital camera scenario, so that in each case, the product would be of interest to the respective sample. After searching for information and interacting with the RA, both sets of participants were given surveys to measure the constructs in the conceptual framework.

Manipulation Check and Measures

To verify whether the manipulation of consumer participation in using an RA worked, the following item was used: "When using this agent, the number of questions I was asked was...." Respondents were given a 7-point scale with endpoints "very minimal" (1) and "quite a lot" (7). Previously validated scales in the extant literature were adapted and used where possible. New items were developed to measure constructs not previously studied (see Appendix B).

Measures for trust in an RA were adapted from the work by Komiak and Benbasat (2006) and Wang and Benbasat (2005). Items for trust in an RA's website were based on Bart et al. (2005), Schlosser et al. (2006), and Wang et al. (2004). As mentioned above, although Rathnam (2005) included a construct labeled as "trust in the agent's recommendations" in his study, the items captured disconfirmation with consumers' stated

preferences rather than trust. Therefore, the scale for trust in an RA's product recommendations was developed for the current research with general guidance from the trust literature. All three trust constructs were measured on Likert scales with end-points "strongly disagree" (1) to "strongly agree" (5).

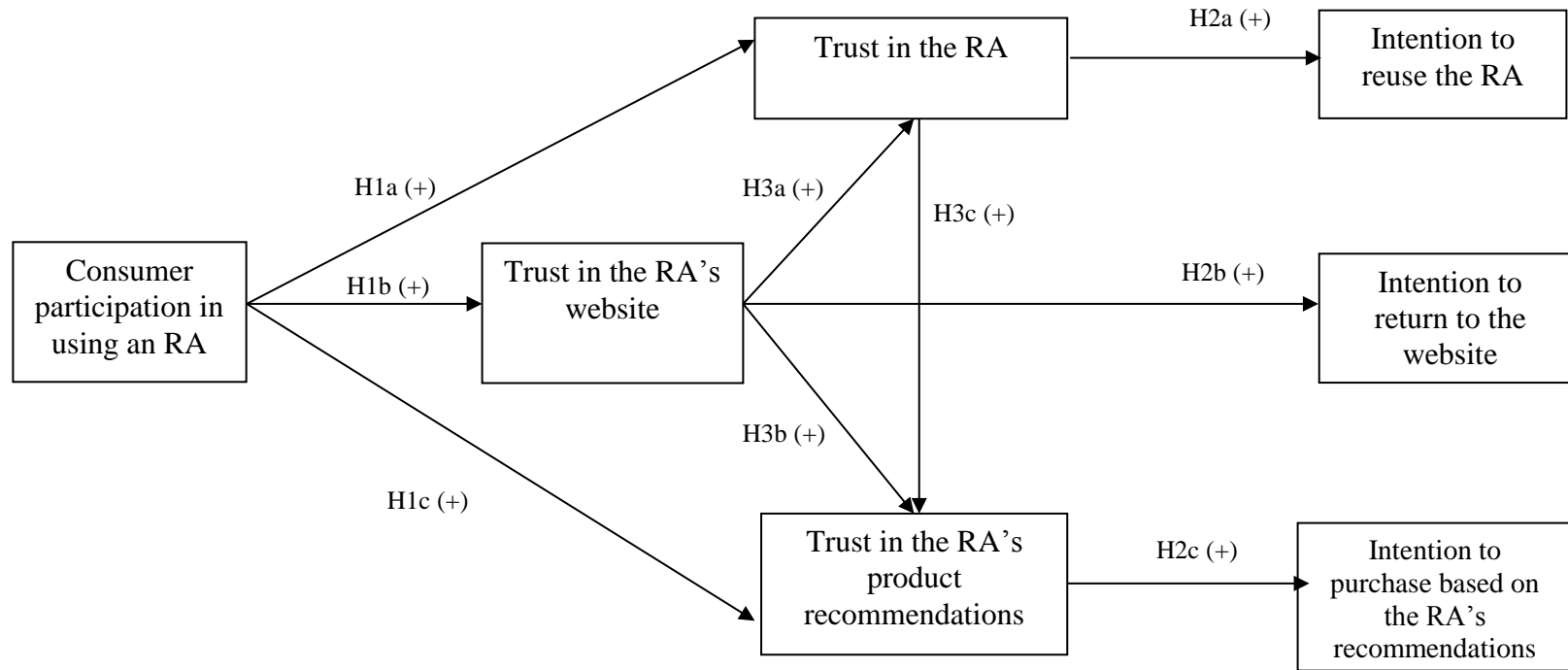
Measures for intention to reuse the RA were adapted from Gentry and Calantone (2002), Komiak and Benbasat (2006), and Wang and Benbasat (2005). Items for intention to return to the RA's website were based on Bart et al. (2005) and Wang et al. (2004). Five-point scales with endpoints "very unlikely" (1) and "very likely" (5) were used to measure these two intention constructs. The scale for intention to purchase based on the RA's product recommendations was developed for the current research and measured on a Likert scale with endpoints "strongly disagree" (1) to "strongly agree" (5).

Sample Characteristics

Study 1 had 68 undergraduate students from a southeastern university in the U.S. as participants. Participation was voluntary and respondents were given a couple of points of extra course credit. The sample was almost equally divided by gender, with 51.5% of the participants male and 48.5% female. The respondents' average age was 21, 92.6% reported 8 years or more of Internet experience, and 88.2% reported spending 3-4 hours on the Internet every day.

FIGURE 1

Conceptual Model



Study 2 had 154 people who were contacted through an online survey firm. Participation was voluntary and respondents were paid for their participation. The sample consisted of 58.4% men and 41.6% women. In terms of age distribution, 13.5% of the sample was younger than 25, 59.1% between 25 and 54, and 27.2% older than 55. Despite the wide age range as compared to the student sample in study 1, 89% reported 7 years or more of Internet experience and 76% reported

spending 3 or more hours on the Internet every day. In contrast with the uniform level of education in study 1, 3.2% of the sample in study 2 had less than high school education, 23.4% were high school graduates, 55.9% had college education (including 2-year and 4-year colleges), and 17.5% had master's, doctoral, and professional degrees.

Table 1 summarizes the sample characteristics of studies 1 and 2.

TABLE 1
Sample Characteristics

	Study 1	Study 2
Sample size	68	154
Gender	Female: 48.5% Male: 51.5%	Female: 41.6% Male: 58.4%
Age	Average: 21 years of age	<25 years of age: 13.5% 25-54 years of age: 59.1% >55 years of age: 27.2%
Education	College juniors and seniors	Less than high school: 3.2% High school graduates: 23.4% College graduates: 55.9% Master's, doctoral, and professional degrees: 17.5%

RESULTS

Manipulation Checks

Manipulation checks were conducted for both samples using *t*-tests with measured perceptions of consumer participation as the dependent variable and the manipulated level of consumer participation (high vs. low) as the independent variable. The results showed that the manipulation was successful in both studies. In study 1, participants who used the RA on shopping.com reported a significantly lower mean score for participation (3.03) than those who used the RA on myproductadvisor.com (5.68), $t=7.21$, $p<0.001$. Similarly, in study 2, participants who used the RA on shopping.com perceived a lower mean participation (3.31) than those who used the

RA on myproductadvisor.com (3.91), $t=2.26$, $p<0.05$.

Study One Measure Validity

Given that the sample size in study 1 was 68, measure validity was assessed by conducting exploratory factor analysis (EFA). Items with factor loadings greater than the recommended threshold of 0.4 on the proposed factor were retained (c.f., Nunnally 1978). Table 2 displays factor loadings for all the measurement items in study 1.

For trust in the RA's website, all five items loaded correctly with factor loadings ranging from 0.54 to 0.82. For the seven items measuring trust in the RA, five of them loaded properly with factor loadings ranging from 0.50 to 0.76. The other two items, even though taken

TABLE 2
Study 1
Exploratory Factor Analysis Results: Measurement Items' Factor Loadings

Factor Loadings Items	Construct					
	Trust in RA	Trust in RA's Website	Trust in RA/s Recommendations	Intent to Return to the Website & Reuse the RA	Intent to Purchase	
Trust Agent_1	.759	.125	.161	.223	.134	
Trust Agent_2	.500	.354	.104	.128	.303	
Trust Agent_3	.573	.273	.090	.274	.278	
Trust Agent_4	.562	.251	.060	.050	.152	
Trust Agent_5	.676	.356	.020	.220	.019	
TrustAgent_6*	.325	.597	-.051	.326	.304	
Trust Agent_7*	.382	.416	.373	.050	.131	
Trust Site_1	.393	.640	.147	-.033	-.002	
Trust Site_2	.269	.699	.056	.068	.256	
Trust Site_3	.181	.543	.169	.138	-.103	
Trust Site_4	.106	.823	-.048	.195	.226	
Trust Site_5	.342	.614	.169	.314	.364	
Trust Recom_1	.222	.083	.794	.158	.158	
Trust Recom_2	-.004	.338	.655	.325	.325	
TrustRecom_3*	.152	.185	.069	.374	.374	
TrustRecom_4*	.199	.575	.327	.206	.206	
TrustRecom_5*	.091	.365	.165	.576	.576	
Int Agent_1	.400	.011	-.084	.759	.196	
Int Agent_2	.084	.259	-.424	.574	.068	
Int Agent_3	.170	.208	.264	.766	.208	
Int Agent_4	.160	.132	.034	.782	.045	
Int Agent_5	.076	.216	.098	.832	.109	
Int Site_1	.137	-.056	.016	.825	-.041	
Int Site_2	.191	.079	.042	.600	.028	
Int Site_3	.048	.257	.236	.785	.231	
Int Site_4*	.628	.177	.041	.266	.273	
Int Recom_1	.071	.303	.101	.191	.807	
Int Recom_2	.016	.170	-.125	.021	.638	
Int Recom_3	.129	.148	.084	.227	.728	
Int Recom_4	.313	.135	.144	.050	.829	
Int Recom_5	.232	-.038	.170	-.011	.869	

*items that cross loaded on unintended constructs or had factor loadings lower than 0.40 are dropped from further analysis.

from the literature on RAs, cross-loaded on trust in the website and were dropped from further analysis. For trust in the RA's product recommendations, items 1 and 2 loaded on the correct factor, with factor loadings 0.66 and 0.79. The other three items, even though based on general measures from the trust literature, cross-loaded on several factors, and were dropped from further analysis.

All the items for intention to reuse the RA loaded as expected and the factor loadings ranged from 0.57 to 0.83. However, three of the four items for intention to return to the RA's website also loaded on intention to reuse the RA with factor loadings ranging from 0.60 to 0.83. The fourth item cross-loaded on other factors and was dropped. A possible explanation for the strong overlap between these two constructs is that returning to the website and reusing the RA were perceived by the participants as two parts of one action. Because of the lack of discriminant

validity, the three items for intention to return to the RA's website and all the items for intention to reuse the RA were collapsed into one construct, and labeled as: *intention to return to the website and reuse the RA*. All five items for the newly developed scale on intention to purchase based on the RA's product recommendations loaded correctly on their intended factor, and the factor loadings of these items ranged from 0.64 to 0.87.

Correlations among the constructs ranged from 0.34 to 0.56, supporting discriminant validity. In terms of reliability, all values were acceptable by being close to or greater than 0.7 (c.f., Nunnally 1978). Cronbach's alpha was 0.85 for trust in the website, 0.81 for trust in the RA, 0.69 for trust in the RA's recommendations, 0.92 for intention to return to the website and reuse the RA, and 0.89 for intention to purchase based on the RA's recommendations. Table 3 displays Cronbach's alpha values for all five constructs in study 1.

TABLE 3

Study 1

Measure Reliability

Construct	Cronbach's α
Trust in the website	0.85
Trust in the RA	0.81
Trust in the RA's recommendations	0.69
Intention to purchase	0.89
Intention to return to the website and reuse the RA	0.92

Study One Hypothesis Testing

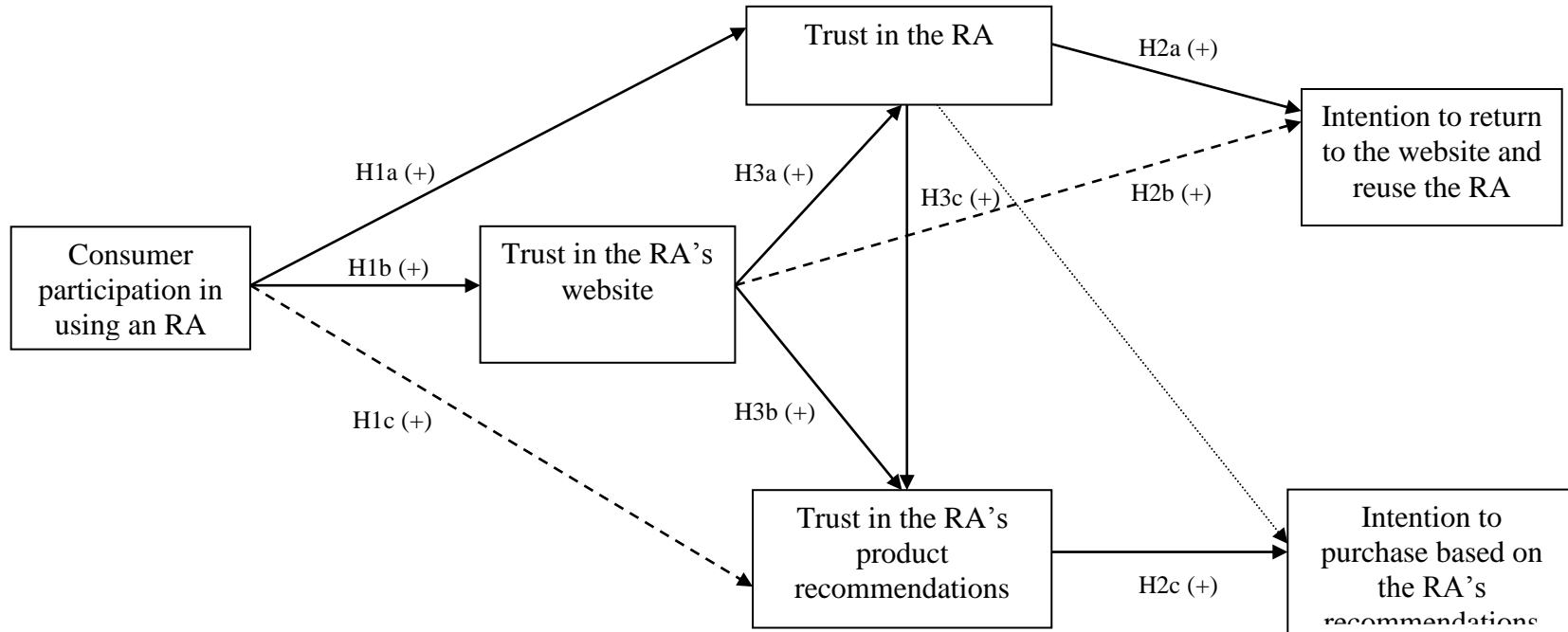
Hypotheses H1a-c were addressed by running independent-samples *t*-tests. The results showed that participants who used the RA on myproductadvisor.com (i.e., the high participation group) reported a higher level of trust in the RA (4.14) than those who used the RA on shopping.com (i.e., the low participation group) (3.78), $t=2.67$, $p<0.01$. The results also showed that participants in the high participation group had higher trust in the RA's website (3.91) than those in the low participation group (3.53). $t=2.68$, $p<0.01$ and that trust in the RA's product recommendations was higher for the high participation group (3.98) than that for the low

participation group (3.49), $t=2.52$, $p<0.05$. Thus, all three hypotheses testing the effects of consumer participation on trust, i.e., H1a-c, were supported.

To address the rest of the hypotheses, i.e., H2a-c and H3a-c, a series of regressions were run. Because intention to reuse the RA and intention to return to the RA's website were collapsed into intention to return to the website and reuse the RA as one construct, the conceptual model was modified accordingly, with this single construct used as the outcome variable in testing H2a and H2b (see Figure 2).

FIGURE 2

Modified Conceptual Model Showing Empirical Support for Hypotheses



Hypotheses supported in both studies —————>

Hypotheses supported in one study, with borderline support in the other study - - - - ->

Additional effect found in one study>

Three simple regressions were used to address H2a-c. Although H2a and H2b share the same dependent variable, a multiple regression was inappropriate given that not only were the two independent variables expected to be correlated, but one was expected to have an effect on the other (see H3a), which contradicts the assumptions of a normal multiple regression. In the test for H2a, the model was supported, $F=23.18$, $p<0.001$, with an adjusted R^2 of 0.25. Trust in the RA had a strong, positive effect on intention to return to the website and reuse the RA, with a standardized β of 0.51, ($t=4.82$, $p<0.001$), thus supporting H2a. In the test for H2b, the model was also supported, $F=16.92$, $p<0.001$, with an adjusted R^2 of 0.19. Trust in the RA's website had a positive effect on intention to return to the website and reuse the RA, with a standardized β of 0.45 ($t=4.11$, $p<0.001$), thus supporting H2b. In the test for H2c, the model was supported once again, $F=13.63$, $p<0.001$, with an adjusted R^2 of 0.16. The positive effect of trust in the RA's product recommendations on intention to purchase based on the RA's recommendation had a standardized β of 0.41 ($t=3.69$, $p<0.001$), thus supporting H2c.

Three simple regressions were also used to address H3a-c for the same reason as given above. Although H3b and H3c share the same dependent variable, a multiple regression was inappropriate here as well, given the same two independent variables here, which were expected to be correlated and in addition, one was expected to have an effect on the other (see H3a). In the test for H3a, the model was supported, $F=30.53$, $p<0.001$, with an adjusted R^2 of 0.31. The strong, positive effect of trust in the RA's website on trust in the RA had a standardized β of 0.56 ($t=5.53$, $p<0.001$), thus supporting H3a. In the test for H3b, the model was also supported, $F=16.06$, $p<0.001$, with an adjusted R^2 of 0.18. Trust in the RA's website had a positive effect on trust in the RA's recommendations, with a standardized β of 0.44 ($t=4.01$, $p<0.001$), thus supporting H3b. In the test for H3c, the model was supported once again, $F=9.38$, $p<0.01$, with an adjusted R^2 of 0.11. Trust in the RA had a positive effect on trust in the RA's recommendations, with a standardized β of 0.35 ($t=3.06$, $p<0.01$), thus supporting H3c.

Thus, the entire conceptual model encompassing H1a-H3c (i.e., all nine hypotheses) was empirically supported with a student sample

of 68 participants. Table 6 (reported later in this article because it includes study 2 results for comparison) shows a summary of study 1 hypothesis testing results. These results were very encouraging, but a follow-up study was planned (as explained earlier) to verify these results with a larger, non-student sample of 154 participants and using structural equations modeling in place of separate, simple regressions for H2a-c and H3a-c.

Study Two Measure Validity

Given the larger sample size in study 2, measure validity was assessed with confirmatory factor analysis (CFA) using AMOS 19. It was decided to keep all the items used in study 1 as they had been carefully taken from the literature or developed with guidance from the literature. Moreover, as study 1 had a smaller sample size and used EFA, it was hoped that keeping all the items would allow a better assessment through CFA as to which items were truly sound and which were not.

The first run of the measurement model had the following fit indices: $\chi^2=871.67$, $df=402$, $\chi^2/df=2.17$, CFI=0.92, and RMSEA=0.09. Whereas the overall fit was acceptable, especially with CFI>0.9, some fit indices (e.g., χ^2/df , RMSEA) showed room for improvement. To improve the fit, all items with high modification indices (>10.0) were dropped. These items either overlapped with the dropped items in study 1, providing a confirmation of sound vs. poor items in the scales, or were reverse-coded items (see Appendix B). In the latter case, it is possible that, in contrast to students who are familiar with reading reverse-coded items, the general public is not as used to these and so misread them. In addition, items for intention to return to the website had high modification indices on the intention to use the RA construct. These items were not dropped; instead, the conceptual model was changed just as in study 1 (see Figure 2 above). Further discussion on this issue is included below with particular reference to discriminant validity.

The second run of the measurement model (with the remaining items and five factors instead of six) showed a marked improvement in fit, with $\chi^2=353.66$, $df=188$, $\chi^2/df=1.88$, CFI=0.96, and RMSEA=0.07. Convergent validity was confirmed through acceptable fit indices as well as the substantial factor loadings of

items on their intended constructs, which ranged from 0.73 to 0.97 and were all significant at $p < 0.001$ (see Table 4).

Average variance extracted (AVE) was 0.62 for trust in the RA's website, 0.64 for trust in the RA, 0.56 for trust in the RA's recommendations, 0.69 for intention to purchase, and 0.81 for intention to return and reuse. These values are all above the recommended value of 0.5 (Fornell and Larcker

1981), which provides further evidence of the convergent validity of the measures. Correlations among the constructs were between 0.73 and 0.84, which were higher than in study 1. To verify discriminant validity, nested model comparisons were run between different pairs of constructs, using SEM

TABLE 4

Study 2

**Confirmatory Factor Analysis Results:
Measurement Items' Regression Weights**

	Estimate	C.R.	P
tragtfair<--- TrustRA	.841	13.856	***
tragtknow<--- TrustRA	.760	14.450	***
tragtcapa<--- TrustRA	.776	13.237	***
tragtable<--- TrustRA	.827	14.603	***
trsiteconf<--- TrustSite	.744	12.000	***
trsitefath<--- TrustSite	.836	13.520	***
trsitetrst<--- TrustSite	.796	13.936	***
trsiterely<--- TrustSite	.771	11.344	***
trrecbias<--- TrustRec	.737	10.412	***
trrecaccu<--- TrustRec	.761	14.193	***
intagtser<--- IntentionRA	.914	16.108	***
intagtpur<--- IntentionRA	.929	15.548	***
inagtguide<--- IntentionRA	.940	16.542	***
intagtre<--- IntentionRA	.927	15.514	***
intsitecom<--- IntentionRA	.852	12.136	***
intsiterec<--- IntentionRA	.854	12.441	***
intrecprob<--- IntentionRec	.845	14.908	***
intrecflw<--- IntentionRec	.867	14.761	***
intreclike<--- IntentionRec	.782	11.284	***

C.R. = critical ratio; *: $p < 0.001$**

In each case, one model set the covariance between the two constructs to 1, while the other model was unconstrained. The unconstrained model was superior to the constrained model in all

cases but one. As in study 1, it appeared that there was no discriminant validity between intention to return to the RA's website and intention to reuse the RA. Therefore, as

mentioned above, these two sets of items were combined and collapsed into one construct, namely, *intention to return to the website and reuse the RA*. As a result, the revised conceptual model is exactly the same as that in study 1.

In terms of reliability, all values were greater than or equal to 0.9, confirming high reliability for the 5 scales. Cronbach's alpha was 0.93 for trust in the website, 0.90 for trust in the

RA, 0.92 for trust in the RA's recommendations, 0.96 for intention to return to the website and reuse the RA, and 0.90 for intention to purchase based on the RA's recommendations. Table 5 displays Cronbach's alpha values for all five constructs in study 2.

TABLE 5

Study 2: Measure Reliability

Construct	AVE (Average Variance Extracted)	Cronbach's α
Trust in the website	0.62	0.93
Trust in the RA	0.64	0.90
Trust in the RA's recommendations	0.56	0.92
Intention to purchase	0.69	0.90
Intent to return to the website and reuse the RA	0.81	0.96

Study Two Hypothesis Testing

Hypotheses H1a-c were addressed by running independent-samples *t*-tests. The results showed that participants who used the RA on myproductadvisor.com (i.e., the high participation group) reported a higher level of trust in the RA (4.20) than those who used the RA on shopping.com (i.e., the low participation group) (3.86), $t=2.48$, $p<0.05$. Therefore, H1a was supported. In addition, participants in the high participation group had higher trust in the RA's website (4.02) than those in the low participation group (3.74), $t=2.18$, $p<0.05$. Thus, H1b was also supported. Trust in the RA's product recommendations was higher for the high participation group (4.14) than that for the low participation group (3.90), $t=1.92$, $p=0.057$, thus offering borderline support for H1c.

Structural equations modeling (SEM) using AMOS 19 was performed to address hypotheses H2a-c and H3a-c simultaneously. The results showed that the model had a good fit: $\chi^2=364.22$, $df=192$, $\chi^2/df=1.89$, CFI=0.96, and RMSEA=0.07. Trust in the RA had a strong, positive effect on intention to return to the website and reuse the RA ($\beta=0.80$, $p<0.001$), thus supporting H2a. Trust in the RA's website also had a positive effect on intention to return to the website and reuse the RA ($\beta=0.29$, $p=0.06$), thus offering borderline support for H2b. The positive effect of trust in the RA's product

recommendations on intention to purchase based on the RA's recommendation was strongly supported ($\beta=0.85$, $p<0.001$), thus supporting H2c. The strong, positive effect of trust in the RA's website on trust in the RA ($\beta=0.95$, $p<0.001$) supported H3a. Trust in the RA's website also had a positive effect on trust in the RA's recommendations ($\beta=0.47$, $p<0.01$), thus supporting H3b. Finally, trust in the RA had a strong, positive effect on trust in the RA's recommendations ($\beta=0.61$, $p<0.001$), thus supporting H3c.

Thus, the entire conceptual model was supported just as it was in study 1, although H1c and H2b had only borderline support. (See Table 6 for a summary of study 2 hypothesis testing results.) Despite support for the proposed model, given that SEM allows a rigorous test of alternate paths, it was decided to test an alternate model to examine other possible direct effects from trust constructs to intention constructs that had not been hypothesized. In effect, this model, which included the conceptual model, had paths from all trust constructs to all intention constructs. The fit for this alternate model remained about the same: $\chi^2=357.63$, $df=189$, $\chi^2/df=1.89$, CFI=0.96, and RMSEA=0.07, and only one new effect, from trust in the RA to intentions to purchase based on the RA's recommendations was supported ($\beta=.38$, $p<0.05$). Empirical support for all the hypotheses in both studies (as well as this new direct effect) is also shown in Figure 2 (above).

TABLE 6
Summary of Hypothesis Testing Results

Hypothesis	Testing method	Results	Supported or not supported
H1a: Participation \rightarrow (+) Trust in the RA	Study 1: Independent-samples <i>t</i> -tests	$M_{\text{high participation}}=4.14$ $M_{\text{low participation}}=3.78$ $t=2.67, p<0.01$	Supported
	Study 2: Independent-samples <i>t</i> -tests	$M_{\text{high participation}}=4.20$ $M_{\text{low participation}}=3.86$ $t=2.48, p<0.05$	Supported
H1b: Participation \rightarrow (+) Trust in the website	Study 1: Independent-samples <i>t</i> -tests	$M_{\text{high participation}}=3.91$ $M_{\text{low participation}}=3.53$ $t=2.68, p<0.01$	Supported
	Study 2: Independent-samples <i>t</i> -tests	$M_{\text{high participation}}=4.02$ $M_{\text{low participation}}=3.74$ $t=2.18, p<0.05$	Supported
H1c: Participation \rightarrow (+) Trust in the RA's recommendations	Study 1: Independent-samples <i>t</i> -tests	$M_{\text{high participation}}=3.98$ $M_{\text{low participation}}=3.49$ $t=2.52, p<0.05$	Supported
	Study 2: Independent-samples <i>t</i> -tests	$M_{\text{high participation}}=4.14$ $M_{\text{low participation}}=3.90$ $t=1.92, p=0.057$	Supported at $p=0.057$
H2a: Trust in the RA \rightarrow (+) Intention to return to the website and reuse the RA	Study 1: Simple regression	$\beta=0.51, t=4.82, p<0.001$	Supported
	Study 2: Structural equations modeling	$\beta=0.80, p<0.001$	Supported
H2b: Trust in the RA's website \rightarrow (+) Intention to return to the website and reuse the RA	Study 1: Simple regression	$\beta=0.45, t=4.11, p<0.001$	Supported
	Study 2: Structural equations modeling	$\beta=0.29, p=0.06$	Supported at $p=0.06$
H2c: Trust in the RA's recommendations \rightarrow (+) Intention to purchase	Study 1: Simple regression	$\beta=0.41, t=3.69, p<0.001$	Supported
	Study 2: Structural equations modeling	$\beta=0.85, p<0.001$	Supported
H3a: Trust in the RA's website \rightarrow (+) Trust in the RA	Study 1: Simple regression	$\beta=0.56, t=5.53, p<0.001$	Supported
	Study 2: Structural equations modeling	$\beta=0.95, p<0.001$	Supported
H3b: Trust in the RA's website \rightarrow (+) Trust in the RA's recommendations	Study 1: Simple regression	$\beta=0.44, t=4.01, p<0.001$	Supported
	Study 2: Structural equations modeling	$\beta=0.47, p<0.01$	Supported
H3c: Trust in the RA \rightarrow Trust in the RA's recommendations	Study 1: Simple regression	$\beta=0.35, t=3.06, p<0.01$	Supported
	Study 2: Structural equations modeling	$\beta=0.61, p<0.001$	Supported

DISCUSSION

The design of our lab-cum-field research design makes a contribution in itself, by providing the control aspect of lab experiments and the realism aspect of field studies, which is not typical in marketing research. Specifically, the lab aspect of our research achieved control through (1) the manipulation of the independent variable, i.e., the level of consumer participation, (2) the random assignment of research participants to different RAs as well as the RAs' websites, and (3) the use of scenarios. The field aspect of our research, i.e., using existing RAs on the Internet, not only enabled the manipulation of consumer participation but also provided research participants the actual online shopping and searching environment in which they would behave the same way as what they normally do in the field, i.e., on the Internet.

Contributions to Theory

The fact that the overall conceptual framework was well supported with samples from two different populations, using two different products in the scenarios, and with two different forms of compensation speaks to the robustness of the proposed model.

Accordingly, the current research makes several contributions to the literature. In terms of contributions to measurement issues, the measures for trust in the RA, trust in the RA's website, and trust in the RA's product recommendations are validated with two studies and with student as well as non-student samples. Thus, the current research contributes to the extant literature by providing converging evidence of the validity and reliability of the measures for trust in the RA and trust in the RA's website, both of which are based on existing scales. We also developed a new scale to measure trust in the RA's product recommendations, as discussed in detail under methodology, and validated this scale in both studies, making another measurement-related contribution to the existing RA literature.

In terms of conceptual contributions, our research shows that trust in the RA, trust in the RA's website, and trust in the RA's product recommendations are three distinct constructs as evidenced by discriminant validity. At the same time, these three trust constructs are related to each other through the validated trust transference

process, which extends the offline trust literature to the RA context. The proposed conceptual model is in fact the nomological network in which the relationships among the three trust constructs as well as the relationships between these constructs and other theoretically related constructs are simultaneously tested. This examination provides clear evidence of construct validity for trust in the RA, trust in the RA's website, and trust in the RA's recommendations. This finding also contributes to the extant literature on RAs by identifying trust in the RA's website and trust in the RA's product recommendations as the other two important trust constructs in addition to trust in the RA and, therefore, presents a fuller picture of the trust issue within an RA-aided online shopping environment.

In addition, the role of consumer participation in using RAs was empirically tested and the results show that greater participation in using an RA leads to higher trust in the website, in the RA, and in the RA's recommendations. These findings are consistent with previous research conducted in the offline context where consumer participation was found to engender trust (e.g., Chalos and Haka 1989; Ouschan et al. 2006; Wang and Wart 2007), but the current research takes it further by confirming the effect of participation on three relevant trust referents. Thus, this research extends the literature on consumer participation from the traditional offline context to the online context in general and the RA context in particular, extends the extant literature on RAs by identifying consumer participation as a factor that helps build trust in using online RAs, and extends the trust literature by supporting effects related to three trust constructs in the RA context. Moreover, the borderline support for H1c in study 2 suggests that consumer participation in using RAs may have an indirect effect (through trust in the website and trust in the RA) on trust in the RA's product recommendations.

Another contribution is that the trust transference process was empirically tested and verified within the online context of using RAs. Thus, this research extends the trust transference process from the offline, buyer-seller relationship context to the online RA context and complements online research on trust transference by studying a different set of relevant trust referents. The results show strong support for the

trust transference process wherein trust in the RA's website increases trust in the RA and its product recommendations and trust in the RA also leads to greater trust in its recommendations.

The current research found that the three trust constructs had direct or indirect effects on both types of relevant intentions captured. In addition, borderline support for H2b in study 2 indicates that trust in the website may have an indirect effect (through trust in the RA) on intentions to return to the website and use the RA. The added effect found in the alternative SEM model implies that in addition to the indirect effect (through trust in the RA's product recommendations), trust in the RA has a direct effect on intentions to purchase the product based on the RA's recommendations. All of the findings of effects between trust and intentions support the offline trust literature in a broad sense and also extend the RA trust literature to capture effects between a variety of trust constructs and behavioral intention constructs.

Managerial Implications

Based on the finding that consumer participation in using an RA was found to increase trust in the website, in the RA, and in the RA's recommendations, online marketers should do all they can to encourage greater participation from consumers in using RAs. This could be done by giving consumers more opportunities to participate through the interface design of RAs. For example, RAs could ask more questions that are relevant to consumers' product search to encourage greater participation. Other ways to actively engage consumers and increase their participation would be to design RAs that allow consumers to initiate dialogues and raise questions of interest or concern to them.

As the trust transference process demonstrated in this research, trust in the RA's website led to trust in the RA as well as trust in the RA's product recommendations. In turn, trust in the RA influenced trust in the RA's product recommendations. There are several possible explanations of why consumers' trust could be transferred from one entity (such as the website) to another (such as the RA) within the RA-mediated online shopping environment. One possibility is that after consumers develop trust in the RA's website, they start to trust the RA and its recommendations through a successive, halo

effect. Another possibility is that trust is transferred from the source, i.e., the RA's website, to the RA and the RA's recommendations because of a rational assessment on the consumer's part of the perceived relatedness, proximity, and similarity between the source and the other two entities (Campbell 1958). A third possibility is that consumers associate the website with the organization itself, and trust in the organization (or the website) signifies the security that consumers feel when they are on the website, shopping or searching for product information. This level of trust serves as a guarantee to consumers so that they also trust the website's RA and its recommendations.

This hierarchical view of trust suggests that marketers not only need to build trust at three different levels but also need to prioritize their efforts in building these different types of trust. The empirical findings which support the model suggest that the RA's website and the RA are two important consumer contact points that marketers need to manage well so that initial trust can be built when consumers do not have any usage experience with either the RA or the RA's website. One way to do this is to display seals such as TRUSTe and BBBOnline, which can build trust in the website itself and the RA on that website. Other strategies to build trust in the website based on specific website design elements (e.g., Palmer, Bailey, and Faraj 2000; Schlosser, White, and Lloyd 2006) should also result in increased trust in the RA and its recommendations. Similarly, better design of the RA should make it more responsive to consumers' needs and help build trust in the RA.

The current research also found that all three types of trust either directly or indirectly increased two types of behavioral intentions. These results underscore the importance to online marketers of building trust in different aspects of the website in order to maximize positive consumer behaviors toward their website, their RA, and their products.

LIMITATIONS AND FUTURE RESEARCH

No control group was used for the treatment of consumer participation, although the high and low consumer participation groups were in effect control groups for each other. Nevertheless, by including a control group in

which consumers do not have *any* participation in using a RA, future research may be able to compare the effect of consumer participation across high, low, and no participation groups to study whether even a little participation is better than none.

A weakness inherent in field experiments is the potential influence of uncontrollable environmental variables (Kerlinger and Lee 1999) and the field aspect of our lab-cum-field study may have experienced this problem. Even though efforts were made to minimize such influence, it is probable that extraneous factors such as the design and layout of the RA's website had an impact on consumer trust and behavioral intentions. Both of our studies in the current research cannot rule out this possibility. Future research could conduct pure lab experiments that eliminate extraneous factors to avoid this issue. For example, instead of using existing RAs, an RA could be designed in the lab to enable different levels of consumer participation (e.g., low, moderate, and high). However, it should be noted that such a design, while increasing the study's internal validity, will reduce its external validity.

It is true that the current research did not examine the possibility that the consumer-RA interaction can be a negative one. Although it seems intuitive that companies will design RAs so that consumers will enjoy using and interacting with them, future research could study whether the positivity or negativity of consumers' RA use experience has any impact on their trust in and behavioral intentions towards RAs.

Moreover, the sales literature and relationship marketing literature have documented the positive impact of salespeople's customer-orientation on customer satisfaction (e.g., Goff, Boles, Bellenger, and Stojack 1997), customer trust (e.g., Langerak 2001), customers' perceived quality of the buyer-seller relationship (e.g., Beverland 2001), and customer value creation (e.g., Guenzi, de Luca, and Troilo 2011). In many ways, consumer-RA online interactions are similar to buyer-seller offline interactions. In fact, support services such as RAs' recommending products to consumers and firms' offering online chatting to customers extend buyer-seller relationships to the online context. It would be interesting and relevant for future research to study if the concept of customer orientation can be

extended to the online, RA context to help enrich our understanding of consumer-RA interactions.

Virtually all the research hypotheses were supported in both studies, offering strong support for the overall conceptual framework. The two exceptions were the borderline support for hypotheses H1c and H2b in study 2. Given p values of 0.057 and 0.06, these slight deviations from the standard p value of 0.05 should not be a major concern. For those whom view it as a concern, the implications of lack of support for H1c and H2b are that: (1) consumer participation has an indirect effect on trust in the recommendations made by an RA and that (2) trust in the website has an indirect effect on intentions to return to the website and use the RA. Both implications do not change the theoretical or managerial contributions of the research.

Even though exploring three separate trust referents adds to our understanding of the trust process, the study did not find two components of trust as has been found in offline research (e.g., Johnson and Grayson 2005; McAllister 1995), online research (e.g., Dabholkar et al. 2009; Kanawattanachai and Yoo 2002), and even in RA research (Komiak and Benbasat 2006; Wang and Benbasat 2007). Future research could attempt to separate trust in the three referents into cognitive and affective components to further our understanding of trust in this context.

The current research provided evidence of the trust transference process but did not examine why trust could be transferred from the RA's website to the RA and the RA's product recommendations. As discussed above, the reason for the trust transference process might be a halo effect, the perceived proximity between the RA, the RA's website, and the RA's recommendations, or the perceived security arising from trust in the website. There might be other possible explanations as well. Future research could examine why and how the trust process takes place among different entities within the RA-mediated online shopping environment. Another related future research direction is to investigate whether the trust transference process has any positive impact on customer loyalty and lifetime customer value. The different levels of trust built through the transference process should lead to a greater likelihood that consumers will be more satisfied and create greater lifetime value.

Although past research (e.g., Urban, Sultan, and Qualls 2000) supports the directionality of the effect of trust in the RA's website on trust in the RA, it is possible that such effect can take the opposite directions; that is, trust in the RA positively could affect trust in the RA's website. In fact, some past research does show that the trust transference process can have different directions. For example, Doney and Cannon (1997) found support for the trust transference process where a buying firm's trust in a supplier firm led to trust in salespeople who worked for that supplier firm. On the other hand, Wood et al. (2008) found that customers' trust in a salesperson led to greater trust in the salesperson's firm. However, there were no strong theoretical arguments in these studies to propose one direction over the other. In any case, to definitively ascertain the direction of the effect between these two trust constructs, future research could use a causal design where trust in the website is the manipulation variable and trust in the RA is the outcome variable. Such a design, however, would miss the opportunity to capture actual levels of trust in a real website.

It should be re-emphasized that this study conceptualized three outcome variables as opposed to past research on RAs that mainly examined intentions to adopt RAs. Intention to purchase a product based on the RA's recommendations was found to be a strong, separate outcome variable. However, in both of our studies, the other two variables collapsed into one, which was labeled as "intention to return to the website and reuse the RA." After study 1, developing new measures that might separate these two intention constructs was considered, but this idea was abandoned so as not to stray too far from the extant literature on intentions related to websites and to using RAs. Future research based on our study could include additional questions such as, "Are you likely to return to the website but *not* use the RA?" to try to separate the two intentions. At the same time, it is possible that this consistent lack of differentiation between the two variables simply implies that consumers do not form separate intentions to use an RA, but merely think of it at a higher level of abstraction and as an integral part of returning to the website.

Although significant effects of consumer participation were found on all trust constructs, the mean differences between the high and low participation groups were not big in a practical

sense. At the same time, the effects were *statistically significant*, which indicates that the differences between means are at a minimum managerially relevant. Nevertheless, future research could study other factors relative to consumer participation to compare effects on the three trust constructs. For example, Wang and Benbasat (2005) examined the effect of ease of use on trust in an RA and Wang and Benbasat (2007) studied the type of explanations given by the RA as a determinant of trust. Future research could investigate these and other possible determinants (e.g., prior experience in using RAs) relative to the effect of consumer participation, to determine the most effective determinants of consumers' trust in an RA. Future research could also examine the relative strength of determinants for trust in a website, including consumers' trust beliefs about the Internet in general, their individual dispositions to trust, and their perceptions about the layout and design of the specific website. Of course, the more variables that are included as determinants, more variance may be explained but the resulting model will be less parsimonious.

The current research examined consumer participation as a two-levels, manipulated variable. Future research could study whether consumers' perceived levels of participation in using RAs have any impact on trust and behavioral intentions. Future research might also consider the role of consumer involvement (c.f., Zaichowsky 1985) in the use of an RA, and whether it would lead to greater participation or be a result of participation as well as the effect involvement would have on trust in the RA. Such research may provide direction to online marketers for targeting consumers who tend to be highly involved in particular product purchases.

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APPENDIX A

An Illustrative Scenario

Please read the following scenario carefully and fully imagine yourself in this exact situation.

You accidentally broke your digital camera when you were cleaning your room recently. For you, a camera is a must-have as you enjoy taking pictures of your family and your friends. Thinking of your upcoming family gathering, you have decided to buy a new digital camera, priced at \$80 - \$120.

Although this is an amount that you can easily afford, you decide to carefully look for information and advice on various digital cameras as there are many choices within this price range. You remember your friend had mentioned a Web site, www.shopping.com, which gives product recommendations for digital cameras. You decide to explore this Web site right away.

Instructions: Now with this scenario in mind, please go to www.shopping.com and use this Web site to search for information and get recommendations for a digital camera that fits this scenario.

APPENDIX B

Measures Used in the Two Studies

Trust in the RA's website (Adapted from Bart et al., 2005; Schlosser et al., '06; Wang et al., 2004)

Item 1: This Web site appears to be very trustworthy.

Item 2: This Web site can be relied upon.

Item 3: I do not believe the information on this Web site is correct. (R)*²

Item 4: I am confident that this Web site can be trusted.

Item 5: My overall faith in this Web site is high.

Trust in the RA (Adapted from Komiak and Benbasat 2006; Wang and Benbasat 2005)

Item 1: This agent seems to be very knowledgeable about this product.

Item 2: This agent seems very capable of asking good questions about my preferences about this product.

Item 3: This agent seems to be able to understand my preferences for this product.

Item 4: This agent does not seem to be a real expert in assessing this product. (R)

Item 5: I have great confidence about this agent's fairness in giving product recommendations.

Item 6: I can rely on this agent for my purchase decision.*^{1,2}

Item 7: This agent appears to put my interests ahead of the retailers'.*^{1,2}

Trust in the RA's product recommendations (Developed for this study, with general direction from the above two scales.)

Item 1: The recommendations about this product appear to be unbiased.

Item 2: The recommendations about this product seem to be accurate.

Item 3: I do not trust the recommendations about this product. (R)*^{1,2}

Item 4: I feel very confident about the recommendations about this product.*¹

Item 5: I can rely on the recommendations for my purchase decisions.*¹

Intention to reuse the RA (Adapted from Gentry and Calantone (2002), Komiak and Benbasat 2006; Wang and Benbasat 2005)

Item 1: I would use this agent to help with my future purchase decisions.

Item 2: I would never use this agent again. (R)*²

Item 3: I would recommend this agent to my friends.

Item 4: I would let this agent assist me in searching for product information.

Item 5: I would use this agent as a guide for my product purchases in the future.

Intention to return to the RA's website (From Bart et al., '05; Rathnam, '05; Wang et al., '04)

Item 1: I would come back to this Web site again.

Item 2: I would never use this Web site in the future. (R)*²

Item 3: I would recommend this Web site to my friends.

Item 4: I would bookmark this Web site.*^{1,2}

Intention to purchase based on the RA's recommendations (Developed for this study)

IntRec1: I would purchase the recommended product.

IntRec2: I do not think I would ever buy this product. (R)*²

IntRec3: I would definitely follow the recommendation in the near future.

IntRec4: I would most probably purchase the product if I was ever in this situation.

IntRec5: It is very likely that I would buy the recommended product.

Notes: *¹ Dropped due to cross-loadings or factor loadings below 0.40 in study1.

*² Dropped due to modification indices >10.0 in study 2.

(R): Reverse-coded items.

USE AND DISPOSITION OF A GIFT AND THE RECIPIENT'S FEEDBACK IN A COLLECTIVIST ENVIRONMENT

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ABSTRACT

The giving and receiving of gifts, due to its economic and social implications, has attracted the attention of different disciplines, Marketing and Consumer Behavior among them. The receiver as an important actor has aroused an increasing interest; however few studies have been oriented to study his/her behavior after the reception of the gift either in culturally individualistic or collectivistic environments.

In order to help fill the knowledge gap, this study was carried out in Ecuador, a country characterized as highly collectivistic. The research conducted was qualitative in nature, and involved in-depth personal interviews with 24 individuals who received a total of 90 gifts for Christmas the year before. Based on the receiver's satisfaction with the gift(s) and the freedom re: use/disposal of the gift(s) perceived to be permitted by the giver, four fundamental themes arose from the data: the gift as a (1) common; (2) special; (3) awkward; or (4) inadequate product. Within each of these themes, gift recipients revealed different attitudes and behavior concerning the use and disposition of their gift(s) and also of feedback to the giver.

INTRODUCTION

Giving and receiving gifts is a phenomenon present in every society and its consequences are important for different reasons: for example, for its impact on a country's economy; for its impact on the socio-cultural value system in a country. Although gifts are given at different times throughout a calendar year, Christmas in the West is by far the greatest season for giving. To illustrate: during the 2011 Christmas season, German families budgeted 286 euros for gifts, and French families budgeted 407 euros (Deloitte SL 2011). On the average, every

American adult budgeted \$712 U.S. dollars for this purpose (Gallup 2011).

Research concerning the giving and receiving of gifts began early in Anthropology (e.g. Mauss 1923) and some five decades later, it attracted the attention of scholars looking at the phenomenon from the perspective of consumer behavior (e.g. Belk 1976).

Early research was centered on the study of gift-giving in individualistic cultural environments. Subsequently, research concerning gift-giving was extended to the receiver and more recently to collectivistic environments (e.g. Gehrt and Shim 2002; Jolibert and Fernandez-Moreno 1983; Park 1998; Wang, Razzaque and Kau 2007). Nevertheless, research on the receiver's behavior either in individualistic or collectivistic environments has been sparse (Larsen and Watson 2001; Otnes, Lowrey and Kim 1993; Pieters and Robben 1998; Shuling and Yu-Huang 2006).

Both in individualistic and collectivistic societies, the receiver can be an especially important actor influencing the whole gift decision process: the purchase; the giving or delivery; the use; and the disposition. For example, in a large study that included various countries, it was found that 74% of the European givers planned to ask the targeted receivers what they wanted for Christmas (Deloitte SL 2010), in this way empowering the receiver as the principal information source during the decision making process. Studies carried out in collectivistic countries also reveal how important the receiver may be in the gift purchasing process. (Cruz 2010).

In the stages after the purchase and receipt of a gift, the receiver is the great protagonist. He/she is the one who uses and disposes of the products received and who provides feedback about his/her satisfaction to the giver; information that in turn influences subsequent purchasing processes and influences the future interpersonal relationship.

Due to the antecedents stated before and to the potential importance that research concerning the behavior of the gift receiver has for marketing managers, this study was designed to contribute to the knowledge base in collectivistic environments.

Thus, the current study focused on the stage after the reception of a gift. The cultural environment selected was Ecuador, a country characterized by high collectivism, a cultural characteristic shared with the majority of Latin American countries.

LITERATURE REVIEW

Collectivism, Giving and Receiving Gifts in Ecuador

In societies defined as collectivist (in contrast to the ones denoted individualistic), the welfare of groups have primacy for the individuals that are a part of them. In such societies, people develop their self-concept in terms of the group. People generate strong interpersonal connections and additionally, they demonstrate a major tendency to conformity (Hofstede 2001).

Although gifts are given and received in every sort of society, in collectivist societies the givers not only give gifts but the tendency is to assign a major percentage of their incomes for this effort compared to the givers in individualistic societies (Jolibert and Fernandez-Moreno 1983; Park 1998). This is notable because it is true in spite of the fact that many collectivist societies are poor or under developed (Hofstede 2001). *In furthering the maintenance and enrichment of close relationships among individuals in collectivist societies, the gift is a central component.*

Collectivist societies are found all over the world, however, the few studies about the consumer's behavior regarding the giving and receiving of gifts in these environments come primarily from Asia, particularly from China, Korea and Japan (e.g. Gehrt and Shim 2002; Minowa and Gould 1999; Park 1998; Wang, Piron and Xuan 2001; Wang et al. 2007). These are all collectivistic societies which have been heavily influenced by Confucianism.

Ecuador is a Latin American underdeveloped country with a population of about 14 million predominantly Christian

inhabitants with cultural characteristics highly marked. Its index in the dimension of Hofstede's individualism is 8, whereas the United States, on the other hand, has an index of 91 (Hofstede 2001). Additionally, Ecuador is also a country integrated to ways of the West where the occasions for giving gifts such as Christmas, Saint Valentine's, Father's Day and Mother's Day, birthdays and anniversaries, among others, are completely embedded into its customs.

Triandis and Gelfand (1998) proposed a refined definition of individualism and of collectivism by classifying each one of them as horizontal (the equality each was emphasizing) as well as vertical (if the emphasis was in the hierarchies). Ecuador has a power distance index of 78, an index that reflects the way in which the members of a society with less power wait and accept the perceived inequitable distribution of that power (Hofstede 2001). An index of 78 suggests that Ecuador has taken on the characteristics more akin to vertical collectivism.

The Behavior of the Receiver of the Gift after its Reception

In studying the receiver after the reception of a gift, three types of behaviors are of central importance: the use of the gift; its disposition; and feedback provided to the giver.

The application of the concept concerning the disposition of gifts received presents certain complications due largely to the fact published research examining disposition has been conducted in societies culturally individualistic where the autonomy of the gift recipient concerning the disposition of a belonging is assumed.

Jacoby, Berning and Dietvorst (1977) when studying the disposition of products included three options: to keep the product (keep on using it according to its original purpose; to change it to another use or simply to store it); to temporarily dispose of it (rent it or loan it); or to permanently get rid of it (throw it away, give it away, sell it or trade it).

Sherry (1983), when applying the concept of disposition of gifts, implicitly assigned the decision before the acceptance of the gift (and therefore the possession of the product) and he postulated that a gift may have as options of disposition: rejection; consumption; display; storage; or exchange. Sherry, McGrath and Levy

(1992) also placed the decision in the moment when the gift is offered to the receiver and they found 4 ways of disposition: disposition by incorporation (to integrate to the receiver's life); disposition by lateral cycling (the gift goes to another person); disposition by destruction; and disposition by return (to the retail store).

However, there are scholars who believe that the decisions concerning the acceptance or rejection of a gift and those about the use and disposition of it are essentially different decisions. The acceptance of a gift is fundamentally accomplished on the basis of the evaluation of the giver's intentions and the message that the gift conveys (Belk and Coon 1993; Ruth, Otnes and Brunel 1999; Sherry 1983). Whereas the decisions concerning the use and disposition are carried out on the basis of additional factors, such as the space available at home, family and societal influences, the economic situation, and the characteristics of the gift itself (Hanson 1980). For these reasons, in the current study, it was decided to examine the decision about disposition *after* the acceptance of the gift and when the receiver already possessed it.

With regard to the theme of feedback, when this concept is applied to the giving and receiving of gifts, it may be understood as the evaluative information that the gift receiver delivers to the giver about his performance concerning the process of selection and delivery of the gift. The feedback in general may have either a positive or negative valence (Ilgen, Fischer and Taylor 1979) and it can be conveyed by means of verbal or nonverbal communication, or both. Sherry (1983) placed this behavior in the moment of the reception of the gift and postulated that this may be genuine or fake.

An interesting and relevant aspect of interpersonal communications in collectivist societies is that they are of high context (Hofstede 2001), meaning that they are characterized as being indirect, implicit, with a lot of information in the external or internal context of the people and typically involve more nonverbal communication than verbal (Hall 1976). This type of communication evidently is best understood and therefore fulfills its objective among people who develop close nexus or connections.

It being a society strongly collectivistic, Ecuador presents an excellent opportunity to study from a very different perspective than other

studies (e.g. Sherry, et al. 1992) the receiver's behavior concerning the use and disposition of a gift. Such a study should also contribute to a better comprehension of a poorly studied aspect of the dynamic, namely feedback toward the giver. It is expected that these behaviors will be particularly complex due to the nature of the connections that people develop in collectivist societies.

Research Problem

The present study was conducted primarily to answer a general exploratory question: In a collectivist society, what does a gift receiver's behavior after the reception of the gift consist of?

As the investigation was progressing, the general exploratory question underwent refinement, yielding the following more specific questions:

(1) In a collectivist society such as Ecuador, what does a gift receiver's behavior about the use and disposition of the gift consist of?

(2) What does the behavior of a gift receiver's feedback to the gift-giver consist of?

METHODOLOGY

The study was developed in two stages. The first one began during the Christmas Holiday season in 2009 when 25 participants were recruited from 3 universities in Quito, Ecuador. These students were screened and selected from a larger pool because they all came from middle and higher class families. Each student was an undergraduate, was not married, and depended heavily on their parents' financial support for pursuing their education. Given these attributes, it was reasonable to believe that these 25 participants were among that kind of group of people who receive a large number of gifts, many expensive. The 25 students who were selected and agreed to participate were between 19 and 26 years of age; 15 were women and 10 were men

Given the fact that the cultural value system is highly collectivist: when a person decides to purchase gifts, the first recipients are other members of the family (Caplow 1982; Garner and Wagner 1991); the gifts flow in an

intergenerational way from top to bottom (Caplow 1982; 1984; McGrath and Englis 1996); and the upper strata of society give more and more expensive gifts than the lower ones (Fischer and Arnold 1990; Garner and Wagner 1991).

In the first stage of the study, in-depth personal interviews were carried out during the days immediately following Christmas of the year 2009. The participants were asked about all of the gifts they had received that Christmas, if they had liked each gift or not, the type of relationship each felt that they had with the giver, the antecedents of gifts received and the way(s) in which they might have participated in the purchase process. This first stage had two purposes, first to study the receiver's behavior during the decision making process (Cruz 2010) and second, to generate the gifts base.

The research identified a total of 153 gift events. The 25 students were told that they would be contacted again after a year for a follow-up conversation. From the list of 153 gift events, 63 were excluded for the second stage of the study. Those eliminated were: intangible gifts; money gifts; gifts where there was high involvement of the receiver during the purchase process; and gifts which the participants would have felt embarrassed to talk about (e.g. underwear; lingerie). The reason for the exclusion of those gifts where the receiver revealed high involvement was due to the fact that the receiver filled most of the purchasing roles, making these gifts essentially the same as if they were bought by the receiver him/herself for personal consumption.

The second stage of the study was implemented during the days after Christmas of the year 2010 and in January of the year 2011. Twenty-four out of the original 25 participants participated in the in-depth personal interviews and the events regarding the 90 gifts received a year before were investigated. The interviewees read and signed an informed consent form and each one received \$50 U.S. after completion of the interview.

The election of the interview as a fundamental technique of the study was taken for its flexibility and for its capacity to generate considerable and rich volume of qualitative data. This qualitative approach to the collection of data is frequently viewed as the most suitable to finding the crucial elements of theories (Glaser and Strauss 1967).

The interviews were of a semi structured type and lasted from 20 to 70 minutes, depending on the number of gifts identified and discussed. The interviewer had a summary of the first stage of the research and when it was necessary to jog an interviewee's memory, the data provided by the same interviewees a year earlier were read to them. Thus the interview was about concrete experience and not about abstractions (Thompson, Locander, and Pollio 1989). Important points ascertained during the interviews were the (dis)satisfaction with the product received, the impact that the gift had in the relationship between the giver and the receiver, the different ways the gift was used, and if it was, how the gift was disposed, and the ways in which feedback to the giver was transmitted. The interviews were audio recorded and then transcribed.

The analysis of the data was carried out on the basis of the interpretative thematic analysis which is a fundamental method of qualitative analysis (Braun and Clarke 2006) and it was divided into two stages, one technical and rigorous and the other one creative (Patton 1999).

In the first stage of the analysis taken in a systematic and rigorous way, 2 procedures were elected in order to guarantee the validity of the study: Triangulation of multiple analysts and validation of the participants (Burnard, Gill, Stewart, Treasure and Chadwick 2008; Patton 1999). For the triangulation of various analysts, two additional experts participated with whom the author established the following agenda: First a meeting in order to establish the methodology, then the independent codification, next another meeting to select the categories and finally the last codification.

The feedback toward the giver constituted one of the areas in which disagreements arose among the analysts; these were overcome when there was a consensus regarding subtle nuances. For example, the use of the product in front of the giver could be carried out in a natural way, it could be accompanied by strong positive emotions or it could be developed under pressure.

In seeking validation of the meaning of the opinions shared by each of the interviewees, the author prepared a summary of the interpretations of each gift event and this summary was sent to each respective interviewee requesting her/his opinion in terms of perceived accuracy or inaccuracy of the summarized interpretations.

In the second step of the analysis, viewed as creative (Patton 1999), the deep and holistic comprehension of the phenomenon was sought and scrutinized (Spiggle 1994). Here, the author, by means of the categories identified, looked for the connection among categories, by generating themes, models and theoretical structures.

RESULTS

Within the analysis of the interviews two aspects of vital importance were revealed to

define the behavior of the receiver after the reception of the gift: the relationships with the product and the relationship and interaction with the giver. Simply put, the receiver liked or disliked the products received and the giver either influenced or not the recipient’s liberty in the use and disposition of those products. These two dimensions constituted the framework that supported the consistency of the themes (table 1).

TABLE 1

The Themes and their Principal Dimensions

		Liberty in the use and disposition of the product	
		High	Low
Satisfaction with the product received	Satisfaction	Gift as a common product	Gift as a special product
	Dissatisfaction	Gift as an inadequate product	Gift as an awkward product

The Gift as a Common Product

The name selected for this theme shows that the relationship between the gift receiver and the product received does not largely differentiate from the one the consumer may have regarding products resulting from normal purchases made by her/himself. The principal matters in this theme were the agreements of the products given with the likes of the receivers and the liberty in the use and disposition of the gift.

The gifts were valued principally according to their functional and social value, that is to say, either from the perspective of their physical or utilitarian performance or from the social image generated by its use (Sheth, Newman and Gross 1991). The gift as a common product was the most frequently reported, fitting to this

theme 62 events (68.9%) and did not have any special impact in the giver-receiver relationship, an effect already identified by Ruth et al. (1999). (However, in several cases it led to temporal improvements and to the relief of stress.)

David (male, 26) told about his sister’s gift, a wallet that he liked and used for several months:

No, there was not any change in the relationship. I told her thanks a lot, that, indeed I needed it because the other (wallet) I had was quite old. I used it for about six months... seven months, for that time I did like it since I certainly

needed it, but after that time it did not attract my attention very much... I do not use it any more, I bought another wallet and that is the one I am using at the present time because it looks more youthful and the wallet that my sister gave me was getting old.

In David's report the emphasis was placed on the functional and social qualities of the product and the evaluation of its performance as the basis for stopping to use it. The gift's use or disposal did not generate any impact on the relationship with his sister.

In the same way, Johanna (female, 20) spoke about the gift from one of her classmates, a plush cow. It was a satisfactory gift, and Johanna's report focused on the qualities of the product, emphasizing the use she gave to it:

I opened the gift that very moment, he gave me the plush cow in a little case together with a card, I read it that very moment too. As I collect plush cows, it was a gift that I like to receive, then I did thank him. I have them on my bed or on a piece of furniture especially dedicated for plushes were I usually leave them, but this one is on my bed as decoration.

This kind of gift occurred in a wide range of relationships, both the distant and close ones and when the giver was present during the use and disposition of the gift, he/she did it without exerting any perceived pressure upon the receiver.

The sincere conversations and the spontaneous and intentional use of the product constituted the principal feedback toward the giver. Due to the satisfaction with the gift and the absence of pressure exerted by the giver, but also because of the little impact of the gift in the relationship, the feedback behavior was described by the interviewees as very natural actions, where the central message was that the product was

considered satisfactory and they were happy to receive it.

Rafael (male, 22) reported the feedback he gave to his grandparents for the gift of a cellular phone, as a mixture of spontaneous use of the product and sincere conversations:

I am closer to my grandparents, I am closer to them... all the time when I go to their home or they come to mine, I am almost always speaking on the phone, then they have seen me using it. They have also asked me if it is still okay, if it still works, I imagine they wanted to realize if I needed another for this Christmas or something like that.

It is interesting how in this gift event, Rafael's grandparents got interested in the gift to the extent they had intentions to replace the product if and when needed.

Another interesting type of feedback discerned was the intentional use of the gift in presence of the giver. Thus, Jose (male, 22) described how he intentionally wore one of the polo shirts and a necklace, his aunt's gifts.

I keep on wearing the polo shirts, I liked them very much... The next day she gave them to me, I wore one polo shirt with the necklace to show her that I liked them and they fit me well.

It is important in this narration how Jose used the product to convey a concrete message, his satisfaction for the gift.

The range of products given was also the widest of all the themes, and included decorations, accessories, clothing, cosmetic and hygiene products, books, electronic devices, sweets and chocolates. Another important fact discerned from the interviews was that the products and levels of quality given as gifts, in many cases, had

already been given within the history of the giver-receiver relationship.

In this theme, the range of possible dispositions was also the widest, doubtless the case because of the liberty the receiver enjoyed. Thus, the common state and the starting point for all the products was the active use (some products were still in use, others were wholly consumed and others were disposed). Within the identified types of disposition were the storage with similar products in possession and the transfer to third individuals mainly as a gift.

In Fernando's case (male, 21) described below, he used a perfume/cologne gift completely and not only that, he kept its case as an ornament.

I had the cologne until it finished, I had it in the case besides, I kept the container for some time, I kept it for a month or more...

On the other hand Karola (female, 20) reports how she used the product she received as gift from a friend, while it was satisfactory, later when her tastes changed, she disposed of it through donation:

We embraced each other for Christmas and nothing else; he was in a hurry because he had Christmas dinner at his university... I used the teddy bear to decorate my room, it was on my bed for the first months, later I did not like the plushes on my bed, then I together with my whole family collected the things that were in good condition, we sent them to the poor.

Both in Fernando's and Karola's case, it is interesting how the satisfaction for the products encouraged them to use those products. Any disposition carried out was exerted without having to support the burden of a difficult decision.

Under the theme of the gift as a common product, there were recurrent contents in the reports of the interviewees, the satisfaction for the product received, its use due to its functional and social values under liberty and naturalness and the

disposition without significant emotions. Additionally, the feedback provided to the givers did not require any great effort or any psychological cost and the essential message was the satisfaction with the product. The reports of the participants were centered on the product, while the giver and the relationship the receiver had with him/her occupied a secondary place of importance.

The Gift as a Special Product

These types of gifts followed in frequency to the former theme with 14 events (15.5%). The denomination of this theme placed an emphasis on the special nature of the gift which was incorporated due to the meaning and impact it had in the relationship. In this way, its principal value was emotional, that is to say, for the feelings associated to the product (Sheth et al. 1991), this value eclipsed the functional and social values of the product. ***The gift conveyed a message (Mick and DeMoss 1990) that assigned an important and positive change in the relationship of the giver and that of the receiver.***

Estefanía (female, 23) related how her fiancé's gift chain, became special due to the impact in the relationship:

I would say that it had a very big impact because it is the first time that someone has given me a piece of jewelry, as a couple, and it had a very big impact since it joined us more, it seems it has a nicer meaning. For him, I believe, it represents that he (it) will always be with me.

In Estefanía's report, the gift was an exceptional product, without antecedents of similar gifts in the couple context. The message conveyed was clear: the giver proposed to move the relationship into a higher level and Estefanía welcomed that change.

Mario (male, 23) also considered the watch given by his uncle as a special product. His report is follows:

My uncle gave me a watch and my father was about to give me another watch but he did not want to buy it, then I had a more emotional fondness to my uncle as if he were my father... it joined us more... I told him thanks a lot... you should not have done it. I opened the box and I said "What a nice watch!"

In this case, Mario contrasted his uncle's behavior with that of his father. The gift conveyed the message that his uncle was concerned about him as if he were his father and Mario felt that way and he reported it with emotion. Both in Estefania's and Mario's report, although the products were described; the givers and the relationship with them took a leading role.

Under this theme of gifts as special products, the feedback toward the giver was based on the reaction of the receiver when opening the gift, in the intentional use of the product and in the sincere conversations. Of particular importance was the reaction of the receiver in the very moment when the gift was opened and when almost always when the giver was present. Also notable was the intent of the giver that the gift would symbolize a commitment to stepping up the relationship between him/her and the receiver. In each instance, this intent did not annoy the receiver; on the contrary, the receiver actively demonstrated satisfaction with product and especially with the commitment to an enhanced state of the relationship.

Daniela's report (female, 20) revealed many aspects of the former reports. In her case a friend of hers, through the gift of a perfume, demonstrated to be interested in her and her tastes, the gift made possible that the relationship change from their friendship into their engagement:

It is a brand of perfume I like very much because it is super sweet. The gift did mark a target or a change, not because I am materialist but because he listens to me when I speak, because he got interested in knowing what I

liked. Then he surprised me with that gift that I did like it and now we are already engaged. He told me to open it in front of him, I opened it and I got excited a lot and I told him thanks a lot, that I had liked it very much.

It is revealing that the giver, in order to know the effect of the gift, asked Daniela to open the gift in front of him and she provided a meaningful feedback when getting excited because of the gift.

On the other hand, Kathy (female, 22) considered special the gift of clothes from one of her aunts, she felt that the gift united them more and in her reports she told how intentionally she used to wear the gift in order to demonstrate the giver her satisfaction and happiness:

I consider the gift special for the time we shared, also because of how things happened, the very fact that she asked me what I needed... then they are special gifts... I put them on almost always on weekends that we always see each other, we get together on weekends at my grandfather's house and there was my aunt, and almost all the times she was there, I was wearing the clothes.

Under this theme, the intentional use of the product as feedback for the giver has a different connotation than the one for the case of the gift like a common product. Here the use was accompanied by positive and intense emotions; whereas in the former theme, about the gift as a common product, its use was with pleasure and naturalness. The message conveyed was different too, under this theme, the giver not only knew the satisfaction for the product but also the happiness for the course that the relationship had taken.

The first common stage for all the special products was the use of the product and the tendency to keep it. The use of the product was located in two opposite poles: a lot or a little bit but always there was the fear of losing it. The

presence of the giver and above all the fear of the loss limited the liberty in the use and disposition of the gift.

Estefanía (female, 23) going on with the report of her fiancé's gift, a chain, reported:

...he gave it to me before Christmas and since then I have not taken it off... and I do not take it off any more, indeed I am afraid of losing it.

In the case of Mario (male, 23) also mentioned above, the use of the gift was placed the other end, he preferred not to take the watch out of the house so as not to lose it. He reported it this way:

I have never had a watch... and well, the habit of not having a watch made me not to take it out of home very often, I said "No, no, no, my uncle gave me this watch and I am never going to lose it.

The loss of a special object would be comparable to the loss of a part of oneself (Belk 1988, Delorme, Zinkhan and Hagen 2004). The ways of use of Estefanía's and Mario's gift, although totally different, they were alike because both of them strove to exert control over the destiny of the gift (not losing it) so as to generate psychological tranquility.

When a gift as special product was identified in the interviewees reports, the sentiments expressed were full of positive emotions, centered on the giver and the relationship that united them and how this stood to improve thanks to the message conveyed by the nature of the gift. References about the functional and social characteristics of the product were few. There was satisfaction for the product and above all happiness for the message it conveyed. The emotions had an important place in the feedback toward the giver and the tendency was to protect and keep the product very safe.

A final aspect about this theme is that the variety of products given was less extensive than the one in the former theme. Here, the predominant categories of products found were ornaments, clothes, perfumes/colognes and accessories.

The Gift as an Awkward Product

This type of theme was present in 8 gift events (8.9%) and it was a gift within an especially close giver-receiver relationship. The product was not congruent with the needs and tastes of the receiver who because of the close vigilance of the giver did not have the liberty to decide about the use and disposition of the product. In spite of the nuisance and the tension produced in the receivers, the receiver-giver relationships were not seriously affected, thanks to the receivers' apparent tolerance.

In her report, Diana (female, 22) detailed the close vigilance of her boyfriend regarding the use of a handbag, a gift that she did not like.

I believe that he did realize that I did not like its color too much because when I put it on he told me, "Oh, yes, it suits you fine". He expected that I said something and I just said, "Oh, yes, it is nice" but I did not express anything else ... After that I went to buy a handbag for the university but it was black and white because that color matches the best, and I remember he told me, "Oh, you have bought another handbag!"

Diana's discomfort came from the permanent vigilance of her boyfriend regarding the use of a gift that she did not like and she had to hold and strap on her shoulder deliberately to calm him down. The handbag was unsatisfactory and Diana bought another handbag, but her boyfriend asked for an explanation. The solution to the problem was difficult; although she had

another handbag that she liked, she had to lie and keep the handbag she did not like.

Claudia (female, 23) on the other hand, reported what happened with her parents' gift, a bracelet:

Yes, they asked me about it too much, that is, I told them that I had liked it, my father does not remember it a lot... but my mother has told me, "Why don't you put on the bracelet?". During this year, to tell you the truth, I have not put it on very often because it is uncomfortable because it has those two triangles, it has sharp ends. I keep it in the bijouterie and bracelet box, I have not put it on a lot.

While her father had forgotten about the gift, her mother was very concerned about it. The product received as a gift was unsatisfactory and awkward, both in the physical and psychological sense.

In the former reports, the feedback provided to the giver can be readily observed. In this sense, the desire to maintain a positive relationship and not to affect it resulted in the principal ways of feedback under this theme be to lie, to pretend and to use inevitably the product on as few occasions as possible. What the receivers were looking for was to hide the dissatisfaction with the product and with the uncomfortable experience associated with receiving such a gift..

Claudia (female, 23) formerly mentioned, described how the surveillance of her mother made her wear the bracelet in order to quiet her down:

I have not put it on a lot. My mother has told me, "Why don't you put the bracelet on?" and in that very moment, I have had to wear it ... so that my mother can see it and she does not feel offended.

The intentional use of the product as a way of feedback toward the giver differed respect

to the other themes, being a key aspect the emotions produced. As was formerly indicated, the case of receiving a gift as a common product was almost without emotion, and in the case of receiving a gift as a special product, it was accompanied by strong, positive emotions; but in the present theme, negative emotions prevailed and the receiver nevertheless used (albeit sparingly) and refrained from the disposing of it due to the pressure he/she felt from the giver.

Another crucial moment of providing feedback to the giver was when the giver was present when the receiver opened the gift and the receiver pretended satisfaction (Ruth 1996; Sherry 1983). Not surprisingly, the interviewees were aware that it was hard to pretend and that the givers were capable of detecting their real feelings.

In this sense, Daniela (female, 20) told about the gift of a decoration doll for her bed given by her aunt:

That is to say, she gave it to me on Christmas night and I told her thanks and nothing else. I just said thanks, you look at the face when someone opens a gift and she likes it; this time it was not with the same enthusiasm as when I received the other doll, for example.

Daniela realized that she could not hide her dissatisfaction for the gift, and she compared the situation with a similar gift that was fully satisfactory.

Michelle (female, 21) reported how she had to lie and pretend positive emotion when she opened her uncle's gift, a bracelet and a pair of earrings:

The reaction when opening the gift was, "wow! How nice they are!" Not to make him feel bad, but indeed, I did not like them, he embraced me and thus...

Although her report was in a few words, it can be seen how awkward the situation must have been for her.

The products given under this theme were predominantly clothes and their accessories. The common state of disposition was the indefinite storage of the product, alternated with sporadic use in order to calm down the giver.

Both in the case of special and awkward products, a year later virtually all them were still kept by the receiver; however the reasons for keeping the gifts were totally different. The special products were kept for their meaning and emotional value, that is no doubt the reason why they became part of the extended self of the receiver (Belk 1988). On the other hand, the awkward products were kept by the receiver so as not to hurt feelings and damage the relationship with the giver.

It is quite clear that awkward products conjoined dissatisfaction with the product with dissatisfaction with the situation, and resulted in the receivers incurring considerable psychological cost. This can be inferred from the reports where the negative emotions are evident. In addition to placing a certain emphasis on the negative characteristics of the product itself, the reports of the receivers were centered on the surveillance of the giver and the lies and simulations which the receivers believed they must put forward.

The Gift as an Inadequate Product

This was the theme that revealed the fewest events, 6 (6.7%). The essence of this theme was the dissatisfaction of the receiver for the gift, but also the perceived freedom to dispose it. This type of gift was discerned only in cases where the receiver and the giver were involved in distant relationships.

The existence of a distant relationship prevented the giver from closely supervising the use and disposition of her/his gift. This became apparent either because of physical distance or emotional distance, both resulting in the giver's disinterest in the outcome. In these instances, the preferred feedback by the receiver was revealed to be silence (and in a few cases statements of satisfaction when in fact the truth was just the opposite) after reception of the gift.

Lissette (female, 21) spoke about the gift of some slippers given by her grandmother with whom she has a distant relationship:

The fact is that the slippers were somewhat dirty, that is because they are the ones which are usually on special offer (sale) where everybody in the store touches but doesn't buy them... she never asked about me, she does not remember me either, I do not talk with her either. I told my mother to give them to somebody else.

In this case the gift was unsatisfactory, Lissette spoke about how little importance was ascribed to the relationship with her grandmother ...a feeling that Lissette felt was reciprocated) and that she has the freedom to decide what to do with the product. She did not say anything to her grandmother about her dissatisfaction; neither of the two got interested in communicating.

Paola (female, 22) reported on the unsatisfactory gift that a cousin had given her, a polo shirt:

I unpacked it because it was wrapped and I folded it and I kept it and I... have not even remembered it ... the polo shirt is blue, it seems to me ... But it was a color I did not wish to wear, then I kept it, then she called my family up and asked if we had received the gift and she asked me if I had liked it, of course, I said yes, not to have problems.

Paola in her report ascribed little importance to the situation, expressed little concern with regard to the giver's telephone call, and the feedback she gave was full of lies that she used so as to avoid hurt feelings. The little –to-no interest in this gift she did not like led her to quickly forget about it.

As can be seen in these reports, with this type of gift, the product was not used at all, not once; instead, the gift went directly to the disposition stage. The receiver's experience regarding the handling of similar unwanted products was crucial. When there was this experience, the storage was brief, the labels were left intact and the transfer to other people or "lateral cycling" (Sherry, et al. 1992) took place. When the receiver had not experienced this type of gift in the past, the gift's storage was negligent, and the loss or oblivion of the product was the outcome.

Erika (female, 22) reported what had happened with a blouse, an inadequate gift from a friend from whom she was separated for a great period of time.

The blouse was nice, but I did not like its color, no, I mean, no. At the beginning it was in a drawer, I never wore it... in a space of the clothing box that I do not use... I mean, I already knew that I did not like it and that I was not going to wear it; then as it was new I did not want to remove the labels because people are going to think that it has been worn, so I took it, I called my cousin up and I told her, "You know, I have a fuchsia blouse, I do not know if you like it and it is new". My cousin is an orphan, she has no mother, no father and obviously she does not have much economical solvency.

It can be inferred that Erika had experience in disposing gifts of this kind, complete liberty do to so and also a recipient already identified.

Jonathan (male, 22), on the other hand, reported about a monkey jug given by a distant brother-in-law who did not have any interest in the results of the gift either.

It is as if he had not bought the gift, it seems that my sister took him and told him, "This is to be given to my brother and that is it"... he never asked about the gift, he is not very expressive either, rather he is very distant from the family. I have no idea where the gift is... it used to be in my room but my nephew, I believe, took it because he liked it.

His words convey the lack of previous experience in the disposition of similar gifts or of a disposition plan; the unconcern for the final destiny of the gift was also evident. Jonathan's obvious negligence about storing the unwelcomed gift not surprisingly resulted in his failure to even remember where he put it.

The products received as inadequate gifts were predominantly clothes and home ornaments. Generally they are low price items, low in quality. Neither did they exhibit any particular functional value, nor did they cause any psychological cost, but the recipients nevertheless needed some time for their disposition.

TABLE 2
Identified Themes and their Principal Characteristics

	The gift as a common product	The gift as a special product	The gift as an awkward product	The gift as an inadequate product
Giver-recipient relationship before the gift	Wide range of relationships	Close relationships	Close relationships	Distant relationships
Impact on the relationship	No impact or temporal impact	High impact	No impact at all	No impact at all
The giver's role	From distance to moderately interested	Very interested	Very interested	Distant
Recipient's satisfaction with the product	Satisfaction	Satisfaction	Dissatisfaction	Dissatisfaction
Type of Products	Wide range of products	Ornaments, perfumes, clothes and accessories	Clothes and accessories	Clothes and home ornaments
Use and Disposition of the product	After an active use, storage as a product in stock or transfer to third individuals.	Use oriented to the preservation of the product.	Indefinite storage alternated with a sporadic use.	Absence of use. Temporary storage and then transfer/negligent storage.
Feedback to the giver	Sincere conversations/ spontaneous and intentional use of the product	When opening the gift/Sincere conversations/ intentional use of the product	When opening the gift/lies/feigned use of the product	Silence/lies
Central message received by the giver	Satisfaction for the product	Satisfaction for the product and for the new level of the relationship	False satisfaction for the product	No message at all / False satisfaction for the product

The reports of the interviewees under this theme tended to be cold and, when emotions were revealed, they were negative but of low intensity. The inadequate gifts were not satisfactory; however, this fact was not very important to the receivers. Matters such as the feedback toward the giver or the disposition of the gift were accomplished by means of the least investment of time and effort or simply they were not carried out at all. Table 2 summarizes the former exposition by presenting the four themes in accordance with the variables identified from the research.

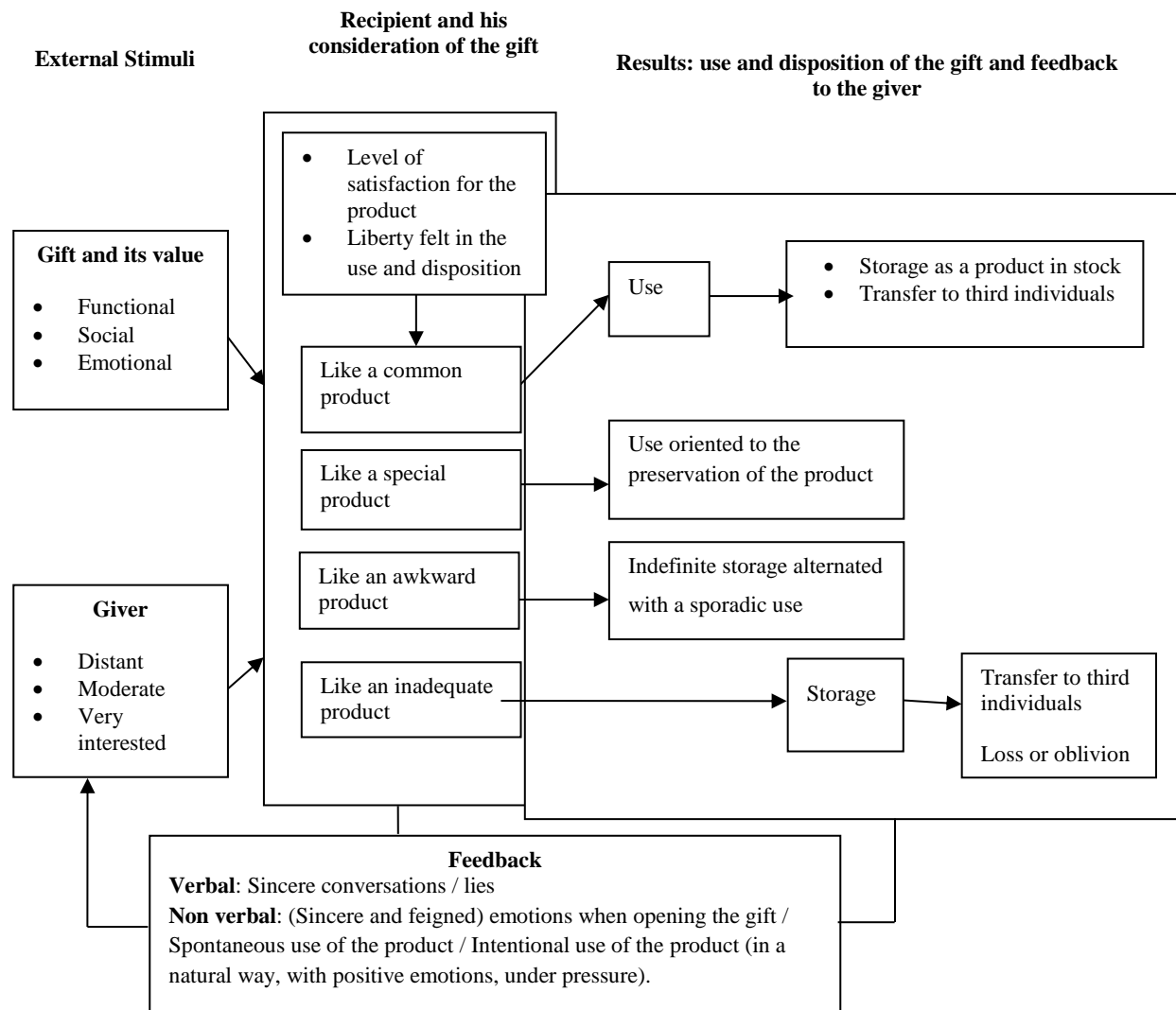
DISCUSSION

Model of Behavior

Based on the inferences drawn from the interviews, Figure 1 presents the model of behavior of the recipient of the gift after its reception.

FIGURE 1

Model of Recipient Behavior after the Reception of the Gift in a Collectivistic Environment



This is a model of the stimulus-consumer-response genre, very commonly used in describing a consumer's behavior (e.g. Belk 1975; Hanson 1980; Schiffman, Kanuk and Wisenblit 2010). Two important external stimuli were identified, the giver and the gift. Through the recipients who are the ones who see or feel the giver's behavior, it has been established that the giver: can be very distant; can subtly get involved; can be very interested; and can also smother or asphyxiate the receiver through his demeanor after bestowing the gift upon the receiver.

On the other hand, a gift can connote different types of values (Larsen and Watson 2001; Sheth, et al. 1991) and different types of messages about what the giver wants the relationship between him/herself and the recipient to be in the future.

These two things combine to determine the level of the receiver's (dis)satisfaction with the gift and the perceived liberty in its use and disposition. In short, the current study has uncovered four types of reactions that the receiver will give to a gift: treating it as a common product; as a special product; as an awkward product; or as an inadequate product. The particular reaction chosen by the gift recipient is of vital importance for the result of the model, that is, the different ways of use and disposition of the gifts and the feedback provided to the giver will vary as a function of which type of reaction is forthcoming.

Themes Found and Relational Models

Fiske (1992) proposed four general relational models: *communal sharing*, where the relationship among individuals is organized around equivalence and solidarity; *authority ranking*, where the relationship is characterized by the subordination of one to another; *equality matching*, where the relationship is based on the balance and reciprocity in the interchange; and *market pricing*, where the relationship is based on economic calculations concerning the benefits and the costs. When relating these relational models with the themes uncovered in the current study, interesting conclusions may be drawn.

When gifts are judged by recipients as common products, they can originate in a wide range of relationships and they may be localized in any relational model. However, when they are repetitive concerning the categories of the product

and quality levels, they convey the message of stability in the current relationship and, therefore, there is no obvious interest in modifying the receiver-giver relational model.

Gifts as special products do convey an invitation for a change in the relational model, generally moving toward the communal sharing model. In this way, for example, college classmates (equality matching or market pricing) turn to be close friends or sweethearts, or relatives who are looked at from the distance (authority ranking) turn to be close friends. This relational change is also wanted by the receiver and it implies a closer and more solid relationship.

In the case of gifts as awkward products, the giver's use of power and the control is perceived by the recipient. We have documented that this occurs when the recipient is given a gift from their authoritarian parents, relatives and controlling sweethearts. In some cases these gifts are given from a relationship already located in the authority ranking model and the giver's behavior is a ratification of the model. In other cases, it is the externalization of the giver's intentions in order to advance toward an unequal and authoritarian model.

Gifts as inadequate products are present in distant relationships and they are found in the market pricing model. Here a gift is considered by the recipient as inexpensive or of limited value, but the resulting dissatisfaction is not considerable due to the fact that the receiver is aware of the limited investment made by the giver.

It is interesting to note how the communal sharing model turns out to be the target of the changes to the relational model through the gift. Vodosek (2009) found that this model together with the authority ranking model were the favorite models of the individuals from societies of vertical collectivism.

Use and Disposition of the Gift

A first important issue is the behavior of the receiver of the gift when he/she lacked liberty to make decisions about the gift. In this situation use and disposition were intertwined. Under the theme "the gift as a special product" characterized by the satisfaction of the receiver concerning the gift and the heightened state of the relationship, the dilemma between using the product or storing it was part of the handling of the preservation of the product. Under the theme "the gift as an

awkward product” characterized by the dissatisfaction of the receiver concerning the gift, the dilemma (between using the product or disposing of it by storing it or by transferring it) was a consequence of the great concern of the receiver not to spoil the relationship with the giver.

Another important issue is the behavior of the receiver of the gift when he/she had liberty to make decisions. When the gift was satisfactory, it was always used, sometimes until depleting its principal function and then to be discarded. When it was disposed, it was generally done in two stages, first the storage and then its transfer to third individuals, usually relatives, friends and acquaintances. When the gift received was unsatisfactory, the receiver did not use it and the gift went directly to the storage stage, sometimes being careful with it and other times not. Later on, it was frequently given to relatives, friends and acquaintances.

Since the current study did not find evidence of disposition methods uncovered in other investigations carried out in individualistic societies [methods such as the return to the retailer; the gift’s destruction (Sherry et al. 1992) or the temporal disposition (Jacoby et al. 1977)], a more extensive discussion is warranted.

In a strongly collectivistic society which is also characterized as high context, to give a gift together with its invoice (to permit its return), makes the message of the value of the gifts explicit when to be consistent with the cultural value system, it should be implicit. Such a message would likely be interpreted as an invitation to go to another relational model such as “authority ranking” or “equality matching.”

The disposition through destruction also would be strange in a collectivistic environment where the standard of living is low. In addition to the fact that the acquaintances of most people would be pleased to receive any gift, in an environment like the one in Ecuador, to destroy a product that is still useful would be associated with extreme selfishness or with the lack of good sense.

Another interesting aspect captured in this study is the lack of temporal disposition in the sense of stopping to use the product for a while, whereas instead its use is ceded to another person. Again, the cultural environment is the key to the comprehension of this fact: The interviewees did report the use of the gift by other people such as

classmates, friends and relatives, but simultaneously the receivers kept using it too and because of that, this behavior is not consistent with a temporal disposition. Rather, this behavior is a manifestation of the “sharing” of the “communal sharing” model.

Feedback toward the Giver

The feedback provided to the giver is a communication regarding the aspects such as the performance in the purchase of the gift, the satisfaction for the product received and the degree of agreement with the type of relationship that the giver is perceived to have proposed. Verbal feedback was the principal way only for distant relationships; in close relationships, verbal was combined with nonverbal communication, the latter which has prominence in a high context society.

Although it was inferred from the reports of the interviewees that their nonverbal communication was given through a wide and usual range of resources such as gestures and facial expressions, body language and actions based on objects (Hulbert and Capon 1972; Knapp and Hall 2010; Ruesch and Kees 1956), the nonverbal communication of the participants was above all based on an object, the product received, with the only exception in the case of the theme concerning inadequate gifts.

The confluence of a collectivistic high context environment with a social and cultural phenomenon as for the gift’s delivery generates the peculiar characteristics of the feedback discerned in the study. The product received turns out to be the fundamental base through which the different ways of feedback are articulated and around which the emotions when opening or using the product are spread out. The use of the product turns out to be almost a synonym for satisfaction and when it is intentional, it can also be an example of courtesy or deference toward the giver. In this way, the use and disposition of the gift, in addition to being consumption behaviors, are also feedback behaviors toward the giver and because of that they are strongly linked.

The negative feedback presents complexities in any cultural environment due to the incompatibility of the two objectives sought with respect to the person to whom it is delivered: to improve his / her future performance and not to

spoil the existing relationship with him / her (Geddes and Linnehan 1996). In this study, in the case of awkward gifts, receivers tried not to externalize their dissatisfaction either by telling lies and / or by feigning positive emotions, in fact, there was not any case of intentional negative feedback. The concealment of the dissatisfaction was also found in other studies carried out in collectivistic environments (Green and Alden 1988).

In this way, two issues turn out to be central in the feedback aspect toward the giver in the collectivist environment studied: first, the entwining of this behavior with the use of the product, and second the primacy of the objective about preserving the relationship rather than improving the future performance of the giver.

CONCLUSION

This study represents an effort to better understand the behavior of a gift recipient in aspects rarely studied such as the use and disposition of the gift and the feedback toward the giver, within the frame of a cultural environment of increasing interest: collectivistic societies. In this cultural frame, it was found that not only the satisfaction for the product received, but also the giver's role and the liberty permitted by him were central influences within the behaviors studied.

IMPLICATIONS AND LIMITATIONS

The present study involved in-depth personal interviews with a very small sample of college students, all belonging to either a middle or upper socio-economic stratum. The study, therefore, is obviously one that is exploratory in nature. Additionally, the study was carried out in the frame of a Latin American country which might be considered a vertical collectivism of the West, one of the several ways of collectivism in the world.

A reasonable first recommendation is that future studies should be conducted to understand the behavior of gift recipients in other types of collectivistic environments. Even if qualitative in approach, triangulating the results of a number of such studies would permit the possibility of generalization of the results found. For example, on the basis of the evidence provided by the present study and other studies (Green and Alden 1988), it might be expected that both in Asiatic

and Latin American collectivism, the receiver avoids externalizing any dissatisfaction for the product received; however, it might be expected that the recipients from the Latin American frame do externalize their satisfaction in a more visible way (Fernández, Zubieta and Páez 2000; Tsuda 2001).

Another interesting matter is the study of the changes of status of the products received in order to provide a dynamic aspect to the themes identified in the present research. For example, a product considered awkward might in time be associated with the category of inadequate, either by the delivery of new gifts to be watched over by the giver or by the threat or reality of breaking off the previous relationship. In the same way, it is possible that as the relationships among people turn to be more durable and stable (for example married couples), givers are less concerned or interested in supervising the use and disposition of each gift. Such would suggest that inadequate gifts could also be present in close relationships without negative consequences.

The explanation about the use and disposition of a gift and the feedback toward the giver can be enriched through the study of the role of third individuals which can be significant in the collectivistic societies. Third individuals, for example, can share the use of the gift, they can be the new recipients of inadequate gifts, they can be an indirect channel of feedback toward the giver, or simply they can judge the receiver's behaviors. An investigation of this sort should take as a starting point both the giver and the receiver of the gift.

Although the feedback behavior has been widely studied in individualistic environments in different applications (e.g., in the management of human resources), precious little has been studied in its application to the gift-giving, gift-receiving theme. Such an investigation in the context of individualistic environments would be interesting. Would the low context communication style embraced by most Western cultures (Hofstede 2001) result in feedback involving communication that is fundamentally verbal (Hall 1976), and where there might be externalization of any dissatisfaction (Green and Alden 1988)? Is it also possible that the use and disposition of a gift does not become an important element of the gift recipient's feedback?

Finally, it is necessary to consider the great burden that the process of purchasing

Christmas gifts implies for gift givers in collectivistic societies, not only for the number and/or cost of gifts purchased but also for the quality of the feedback the givers may have from the receivers, especially in the case of unsatisfactory gifts. As we have found, in the case of inadequate gifts, givers, in general, do not receive feedback and in the case of awkward gifts, the feedback is based on lies and feigned positive behaviors. Therefore the heuristic frequently used by givers that consists of buying gifts similar to the ones already given in the past, although it helps to relieve the heavy burden, it can also have negative consequences.

Due to the situations and circumstances described in this article, gift givers from collectivistic environments need support in their purchasing decisions from employees of retail stores. Such employees must possess enough information concerning the likes and preferences of the different segments of the market and additionally, they must be aware of the existence of two types of satisfactory gifts, the special gifts and the common gifts. In the case of the special gift, a greater involvement should be expected from the giver in a purchasing task relatively new and of greater risk perceived (although oriented to a smaller number of gifts). In the case of the purchase of common gifts, although there would be smaller risk perceived, there would also be a burden due to the larger number of gifts that might be expected in this type of purchase.

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CONSIDERING CULTURE TO WIN BACK LOST CUSTOMERS: COMPARING CHINESE AND AMERICAN CONSUMERS

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ABSTRACT

Successfully convincing a defected customer to switch back is the strategic second half of CRM. Global firms need to know the interplay of culture in customers' switch back decisions. This study proposes a triadic model for customer reacquisition in the service sector and applies the model to compare Chinese and American consumers in their respective decision-making processes. The results show that the economic incentive is the most important determinant for both samples. Cultural differences suggest that a worthy win-back offer for Chinese customers should incorporate special treatments/favors to promote social/relational value, while for American customers, it should elicit post-switching regret.

INTRODUCTION

Customer Relationship Management (CRM) focuses on acquiring and retaining profitable customers and managing the relationship process (Lemon *et al.* 2002; Verhoef, 2003). Most CRM literature advocates increasing customer satisfaction, enhancing customer value, creating exit barriers, and providing positive experiences in all touch points to retain valuable customers and to prevent customer defection or switching. The benefits of "customer for life" are evident in studies showing a 5% increase in customer loyalty or a 5% decrease in the customer defection can increase profits by 25-85% (Reichheld, 1990), depending on industry. Reducing costs & negative word-of-mouth, and increasing customer referral and competitive advantage are additional pluses (Reichheld, 1996; Stauss & Friege, 1999).

"Perfect service" is the ultimate goal, but is difficult to achieve since there are bound to be service encounters that are less satisfactory than others and, given enough time, a service failure is inevitable. Although most firms attempt to rebuild positive encounters through service

recovery process (Swanson and Kelley, 2001), unresolved service failures, "benign neglect" (Griffin and Lowenstein, 2001), and aggressive competition often lead to customer defections. Getting a defected customer to switch-back is the strategic second half of CRM.

When customers defect, they may leave behind a wealth of transaction-specific information, including transaction history, preferences, motives, and evidence of what prompted their defection. Strategic leveraging of customer relationship portfolios can facilitate effective and efficient re-acquisition processes (Thomas *et al.*, 2004), and help design attractive win-back offers. Customer reacquisition initiatives, along with customer retention and service recovery strategies, are integral to CRM, and vital to a company's future growth and success (Tokman *et al.*, 2007; McDougall, 1995).

To aid this process, we propose and test a triadic model for customer reacquisition in the service sector to evaluate the impact of the three chosen factors of economic, social/relational, and emotional antecedents on customers' switching-back decisions. Mindful that the service sector is increasingly global and larger firms have a multicultural mix of consumers, we apply the model to reveal the cultural differences between Chinese and American college age consumers in their switching-back decisions. Young consumers in both countries were chosen because they part with the majority of their spending money in the service sector. Because of this article's special focus on the revealed differences between the Chinese and American consumers sampled, and the resulting implications for customer service managers, we begin with a summary of the relevant aspects of Chinese culture before introducing our three path model and hypotheses. Next is a focused review of literature in the areas of consumer assessments of win-back offers, relative social capital, consumer regret, and cultural differences that informed our work. The model and our hypotheses are then empirically

tested with data secured from the two population samples.

Confucius Culture and Chinese Consumer Values

The Chinese culture is largely defined by the Confucian principles that provide and maintain social harmony, order, and stability (Hwang, 1987; Wang and Lin, 2009). Social order is sustained through “guanxi” (personal relationships), “renqing” (favor), “huibao” (reciprocation and reciprocity), and “mianzi” (saving face) (Joy, 2001; Gong, 2003; Wang, 2007, Wang *et al.*, 2008). When following these principles, Chinese are to be understanding and tolerant of others, giving people, businesses and the larger society the benefit of the doubt when mistakes occur. Compared to Americans, Chinese people see themselves as more relational oriented and more communitarian (Tu, 1985).

“Guanxi” encompasses the special personal relationships and trust transferable among family members, relatives, friends, classmates, colleagues, and business associates. It helps extend normal business relationships to other close-tied relationships; making doing business more enjoyable (Ambler, 1995). Because of “guanxi”, Chinese consumers tend to be more brand loyal and place more weight on social capital (Wong, 1999; Wang and Lin, 2009).

“Renqing” (favor) and “huibao” (reciprocation and reciprocity) are central to social

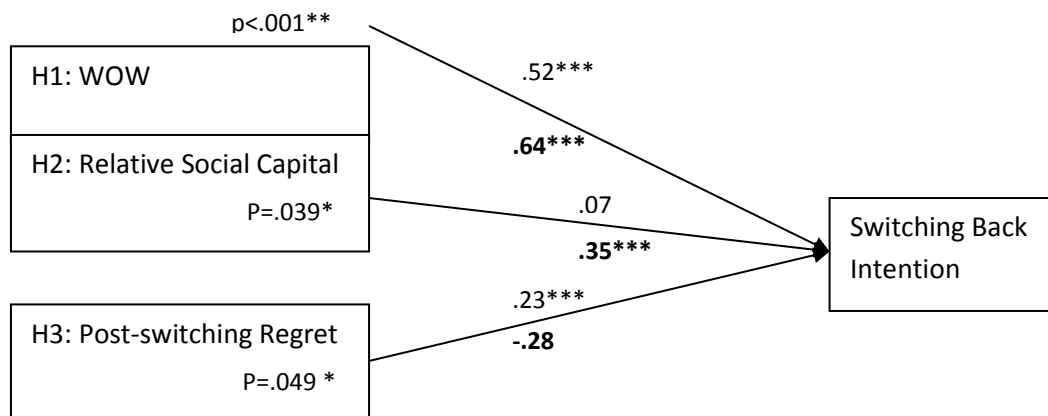
harmony and stability in Chinese society and provide for continuous giving and receiving between the parties. This facilitates a “cause-and-effect relationship” (Siu, 2000; McNeill, 2006), and signifies the parties’ respect and honor for each other. Renqing and huibao are deemed to be “social investments”, and are similar to the concept of gifts/favors in social capital research (Wang and Lin, 2009; Yau, 1988).

The notion of “mianzi” or “saving face” is particularly significant since it requires individuals to put themselves in the shoes of others when making decisions concerning others. Ho (1975) and Hsu (1985) suggest that “face” in Chinese culture is more about understanding and meeting the expectations of others than about satisfying one’s own desires or wishes. Ho (2001) suggested that the necessity to maintain “good face” in public has deterred Chinese consumers from complaining or voicing their dissatisfaction; thereby, showing more tolerance toward unsatisfactory situations.

MODEL AND DEVELOPMENT OF RESEARCH HYPOTHESES

We developed our three part model from previous research, and integrated the above listed cultural values to better understand the switch-back decisions of Chinese and American consumers. Figure 1 depicts our proposed triadic model of customers’ switch-back intentions.

FIGURE 1
The Triadic Model of Customers’ Switching-Back Decisions



Note: **Bolded** path coefficients are for Chinese sample, and unbolded ones are for American sample. *** denotes significance at .001 level, **significance at .01 level; * significance at .05 level

In brief, this model proposes that when evaluating whether or not to switch back, consumers who have defected will consider: (1) the economic factor: win-back offer worth (i.e., WOW per Tokman *et al.*, 2007); (2) the social/relational factor: relative social capital (i.e., a comparison of the special treatments received from the original versus the new service provider); and (3) the emotional factor: post-switching regret. The following section will elaborate on each of these key concepts, their cultural relevancy, and their impact on switch-back decisions.

Win-Back Offer Worth (WOW)

Tokman and colleagues (2007) defined the win-back offer worth (WOW) as: “the perceived overall value of the offer extended to customers who have defected in an effort to attract these customers back to their previous service supplier.” (p.48) Perceived value is viewed as a customer’s overall assessment of what is received and what is given (Zeithaml, 1988), and as a tradeoff between perceived quality and its affordability (Monroe and Krishnan, 1985). Zeithaml suggests that all costs that are important, such as monetary price and non-monetary price (e.g., time and effort), and should be incorporated as perceived costs, while the benefit components of perceived value should include perceived quality, and other intrinsic and extrinsic attributes. In addition, overall perceived value was found to enhance repurchase intention and discourages switching behavior (Wathne *et al.*, 2001).

Recent studies on perceived relative value focus attention on the importance of competitive alternatives and offers (e.g., Lam *et al.*, 2010; Sánchez-Fernández and Iniesta-Bonillo 2006); Liu *et al.*, 2005; Ulaga and Chacour, 2001). Research suggests that a customer’s overall value judgments are continuously reassessed and become richer, more elaborate, and more accurate over time. By this continuous process, perceived overall value becomes more diagnostic and more relevant to repurchase decisions. (Flint *et al.*, 2002). So when competitive offers are presented, customers are likely to modify overall value perceptions of the current offer and compare old and new offers to make switching- back decisions (Liu, 2006).

The diagnostic process of Chinese consumers will include their cultural values. As

an example, “mianzi” or “saving face” means Chinese consumers may be more focused on understanding and meeting the expectations of the original provider than their personal satisfaction. In other words, Chinese consumers would consider the win-back offer an important way to regain their “face” that was lost in previous service encounters. Thus, the harmony-intent gesture of the win-back offer alone may carry more weight with Chinese consumers, compelling them to switch-back. Chinese consumers also tend to be more value-conscious and thrifty-oriented than Americans when buying non-luxury brand and/or non-publicly consumed goods and services (Wang and Lin 2009). This may increase their interest in the worth of the win-back offer. Against this backdrop, we propose the following research hypothesis:

Hypothesis 1: *Chinese customers, when compared to American customers, will be more influenced by WOW when deciding on switching back to the original service provider.*

Relative Social Capital

Social capital is defined as customer perceived, relationship-specific obligations and reciprocity expectations (Tokman *et al.*, 2007; Wathne *et al.*, 2001). When customers receive favors/gifts or access privileged resources unavailable to others, they often feel obligated to reciprocate and respond favorably to the firm. In the service sector, social capital, “commercial friendship”, is built through a series of interactions that provide special treatments, favors and/or gifts to current customers in return for their loyalty and continuing patronage ((Luo *et al.*, 2004; Frenzen and Davis, 1990).

Guided by “renqin” and “huibao”, Chinese consumers feel a strong obligation and moral justice to return favors and respond positively to service providers who have earned social capital through special treatments and favors. Therefore, Chinese consumers would evaluate social capital relative to original and new service providers more carefully than their American counterparts. Accordingly, relative social capital (in the form of special treatments and favors) can play a strong role in Chinese consumers’ switching-back decisions. This leads us to propose the following research hypothesis:

Hypothesis 2: *Chinese customers, when compared to American customers, will be more influenced by relative social capital when deciding on switching back to the original service provider.*

Post-Switching Regret

Regret is a common consumer sentiment that occurs when consumers discover that they have ignored or forgone a better option (Landman, 1987). Thus, when the new service experience does not measure up to the previous service experience, a defected customer feels regret. Past research has shown that negative feelings associated with regret may encourage customers who have defected to re-evaluate their original service provider's win-back offer and decide to switch back (Tokman *et al.*, 2007). Since consumers tend to simultaneously compare alternatives, the economic incentive of a win-back offer from the original service provider may be enough a trigger for consumer post-switching regret. Research shows that a customer's regret over a consumption decision is negatively associated with repurchasing intention (Bolton *et al.*, 2000).

Cross-national studies suggest that Chinese consumers tend to rely less on emotional factors in their decision-making process than their Western counterparts (Davis *et al.*, 2008; Su and Wang, 2010). Even though previous cross-national studies were mainly conducted in the context of first-time purchase decisions, rather than switching-back decisions as in the current study, the tendency of Chinese consumers' to rely less on emotions should hold true. Therefore, we hypothesize that post-switching regret may be less influential for Chinese customers than for American customers in their switch-back decisions. Accordingly, we propose the following research hypothesis:

Hypothesis 3: *Chinese customers, when compared to American customers, will be less influenced by their post-switching regret when deciding on switching back to the original service provider.*

METHODOLOGY

Sampling and Procedure

In order to address the research hypotheses, a 2 x 2 between-subjects experimental

design was employed (Cook and Campbell, 1979), with two levels of price (high and low), and two levels of perceived service benefit (high and low) in both China and the U.S. (Tokman *et al.*, 2007). Note that the relationship between WOW and the offers' price and perceived service benefit was not the focus of our study. The four scenarios were designed to introduce variance for WOW and to evoke respondents' thoughts regarding the decision on whether to switch back to the *original* service provider or not. Note also that even though we control for prices and levels of service benefit, the resulting consumer perceived values of a win-back offer are highly dependent on the consumer's overall service experience with the original service provider. Therefore, the impacts of price and level of service benefits could not be a focus of this study.

College age consumers are chosen for the current study because they are the target customers for many technology and personal services (e.g., Internet, phones and beauty/barber shops). In each country, college students were given extra credit in one of their classes to participate in the study. They were first asked to think of a personal experience where they switched from one service provider to another, followed by a series of questions about their past service experiences. Thanks to the fact that the data collection was through the Internet, all respondents were able to refer to their current and original service providers vividly when they answered our questions. The online hyperlinks made this design more realistic.

After recalling the previous experience with the current and original service providers, respondents were then asked to read a scenario describing a win-back offer as follows: "now imagine that the company that used to provide this service to you contacted you with an offer to regain your business (manipulation of price and service benefits)." After the win-back-offer, respondents were asked to rate their level of agreement with several Likert-scaled dependent variables.

A total of 263 usable responses in the U.S. and 196 usable responses in China were collected, resulting in cell sizes ranging from 47 to 55 in both samples. Of 263 American respondents, 43.3 percent were male and 93.2 percent were in the 18-25 age groups. Of the 196 Chinese respondents, 48.8 percent were male and 71.9 percent were in the 18-25 age groups.

Respondents indicated switching experiences in many service industries in both nations. Chinese respondents mainly reported beauty/barber shop (33.3 percent), long-distance telephone (22.2 percent), Internet service (13.8 percent), and physicians (13.3 percent), while American respondents mainly reported dry cleaners (21.3 percent), Internet service (19 percent), and beauty/barber shop (14.8%).

Instrument equivalence across cultures was obtained by using back-translation. The English survey (quasi-experiment) was designed first and then translated into Mandarin by one of the authors of this article. Another translator fluent in Mandarin translated the Chinese version back into English. A few grammatical errors were found and subsequently corrected. The process was repeated until all the wordings were accepted as being identical in their meaning (Triandis, 1994).

Measures and Cross-National Measurement Invariance

Items used to measure switch-back intention, WOW, the original vs. new service provider's social capital and post-switching regret

are shown in the Appendix. The relative social capital was captured as a difference score of social capital with the original service provider versus the new service provider. All measures in the current study were adopted from Tokman et al. (2007). The measurement models for each nation's sample were satisfactory, in addition to the fact that all constructs achieved discriminant validity as assessed with the variance-extracted test (Fornell and Larcker, 1981). Using Steenkamp and Baumgartner's (1998) suggested guidelines for cross-national studies, the measurement equivalence of the key measurement variables was tested using confirmatory factor analysis. Table 1 shows no chi-square difference between the full metric invariance model and the configural invariance model, which served as the baseline model (i.e., with no constraints). This provides supportive evidence that our measurements for all the constructs of interest were valid across the two samples and achieved full scalar invariance. Further, full factor variance invariance model and partial error variance invariance model (three were set free for the two samples) were also supported by our data. Thus, the observed differences were comparable.

TABLE 1

Measurement Equivalence across the U.S. and China Samples

	χ^2	df	RMSEA	CAIC	CFI	SRMR	$\Delta\chi^2$	df	P-value
Configural invariance	453.16	188	.087	1034.35	.95	.048			
Full metric invariance model	460.03	199	.084	965.11	.95	.048	6.87	11	.81
Factor variance invariance model	524.37	214	.089	925.67	.93	.098	64.34	15	<.05
Error invariance model	689.25	230	.104	979.84	.91	.098	164.88	16	<.05

Covariates

Several covariates were measured and then controlled for in our analyses. We first measured customer satisfaction with the original service provider, the perceived importance of the service to the customer, and customer current experience with the new service provider as indicated by customer delight (Tokman *et al.*, 2007). We further measured respondents'

collectivism and individualism scores toward the end of the survey, using Hofstede's (1980) Scale of Collectivism/Individualism. Customer gender, age, and income (family) were treated as covariates for later data analyses. We first regressed all items in our model on these covariates, obtained the residuals (i.e., the items with covariate effects parceled out), and used these residuals in testing our model. Other researchers have adopted this method in the past

(e.g., Ahearne, Bhattachary, and Gruen, 2005). The following analyses and results are all based on residual values.

Addressing the Research Hypotheses

H1-H3 predicted a set of cross-national differences along the relationship strengths between key constructs. We simultaneously tested the hypothesized relationships using LISREL 8.3 (Joreskog and Sorbom, 1999) for both the U.S. and Chinese samples. For the U.S. model, the chi-square statistic (which is highly influenced by a large sample size) was significant [$\chi^2(85)=133.18, p<.001$]; however, all other fit indices (not as heavily influenced by sample size) indicated support for the hypothesized model (CFI = .99, GFI = .92, NFI=.97, RMSEA=.054, and SRMR = .055; Bollen, 1989).

Similarly, satisfactory fit indices were achieved for the Chinese model ($\chi^2(85) = 145.01$; CFI = .98 GFI = .92, NFI=.96, RMSEA=.058, and SRMR = .054). **Figure 1 illustrates the path coefficients for both models.**

To investigate the cross-national differences, we compared two models in two ways: one in which we constrained each of all paths in the two groups to be equal (one by one); and in the other we allowed the path to vary across groups. The resulting single degree of freedom chi-square test provides a statistical test of difference for each relationship.

Table 2 provides details regarding the path coefficients cross two samples. Our results support the proposed hypotheses. Specifically, the results support H1, which predicted a stronger relationship between WOW and the customer's switching-back intention for the Chinese sample than for the American sample. The path between WOW and switching-back intention was significant with a coefficient of .52 ($p < .01$) for the American sample and .64 ($p < .01$) for the Chinese sample; the chi-square difference is 23.95 (d.f.=1; $p < .01$). Similarly, H2, predicting a stronger impact of relative social capital on switch-back intention for the Chinese sample than for the American sample, was also supported. The path between relative social capital and customer's switch-back intention was significant with a coefficient of .35 ($p < .01$) for the Chinese sample and non-significant with a coefficient of .07 ($p > .10$) for the American sample; the chi-square difference is 4.23 (d.f.=1; $p = .039$). Finally, H3, predicting that a Chinese customer's switching-back intention will be less negatively influenced by the customer's post-switching regret than it is for an American customer, was supported by our results. The path between the customer's regret and switching-back intention was significant with a coefficient of .23 ($p < .01$) for the American sample and -.28 ($p > .10$) for the Chinese sample; the chi-square difference is 3.86 (d.f.=1; $p = .049$).

TABLE 2
Results of the Hypothesis Tests

Hypotheses	Standard Path Coefficients (p-value)		Chi-square difference (df)	P-value
	Chinese Sample	American Sample		
H1: WOW → Switching-back Intention	.64($p < .01$)	.52($p < .01$)	23.95 (1)	<.001**
H2: Relative Social Capital → Switching-back Intent	.35($p < .01$)	.07($p > .10$)	4.23(1)	.039*
H3: Post-switching Regret → Switching-back Intent	-.28($p < .08$)	.23($p < .01$)	3.86 (1)	.049 *

**denotes significance at .001 level; * significance at .05 level

DISCUSSION AND MANAGERIAL IMPLICATIONS

CRM has been a central concept in marketing over the past two decades (e.g., Morgan

and Hunt, 1994; Jones and Sasser, 1995). More recently, studies of marketing strategies to win back customers who have added to the methods for managing and optimizing the firm's customer

relations (Tokman *et al.*, 2007; Griffin and Lowenstein, 2001).

Our work adds to this knowledge base by presenting a triadic model for studying and prioritizing key factors in the defected customer's diagnostic process of win-back offers, which we have used to provide empirical evidence to show cultural differences in how Chinese and American college age consumers' make their switching-back decisions.

Findings from this study suggest that a consumer considering returning to a past service provider is influenced by three important factors: (1) the economic incentive: worthy win-back offers; (2) the social/relational influence: relative social capital; and (3) the emotional pull: post-switching regret. Our research revealed that the economic incentive is the most important determinant to win back defected customers. **This finding is observed in both the Chinese and the American young consumers. This finding further echoes the importance of designing a valuable win-back offer as advocated by Tokman and his colleagues (2007).**

Going beyond Tokman *et al.*'s one-nation study, our research provided additional insights to the service marketing literature. More specifically, we find that win-back offers are generally more compelling for Chinese customers, who are also more influenced by social/relational motivators and less by regret than American consumers. Conversely, the Americans are more swayed by emotions, but less so by social/relational capital with the previous service provider.

Past research suggests that firms should segment customers who have defected based on the concept of second life time value (SLTV) and reacquire the profitable customers (Thomas *et al.*, 2004). Firms should be encouraged by our study to objectively assess a defected customer's relationship portfolio and culture in order to better understand the best strategies for winning back the business. Service providers have direct control on the WOW and social capital formation process, and can strongly influence the perception of relative social capital and post-switching regret through marketing activities.

For firms seeking to win back Chinese customers, a high value win-back offer supported by special treatments or favors can help reacquisition initiatives succeed, as this will mirror and reinforce the social/relational values in Chinese culture. For firms seeking to encourage

American customers to switch back, the high value win-back offer should be presented in a way that elicits the past customer's post-switching regret, bringing forward the remorse that compels them to return to "the better provider with the better deal."

LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

These results should be considered in light of several limitations. First, because only one sample was selected from each culture, results may not generalize across all American or Chinese consumers. Pretests were not conducted in both cultures; however, profiles and surveys were scrutinized by evaluators in both countries and deemed appropriate. More importantly, our respondents were college students and they might be less savvy and less sophisticated than more experienced consumers. Whether our findings still hold among other age groups remains uncertain. Despite these limitations, this is an important study as it is the first to investigate cultural differences between Chinese and American consumers' requirements for switching-back decisions. Future research can examine the underlining motives leading to defection, and the length of relationships with both the former and current provider as moderators to win-back offers. In addition, this study can stimulate B2B CRM research into gaining back valuable customers. By objectively evaluating a defected customer's relationship portfolio and culture, B2B firms can develop effective win-back strategies through attractive economic incentives, relative social capital, and where culturally supported, emotive factors, such as those implicit in recent American marketing efforts to encourage restaurants to return to local farmers for their food sources in order to help support a healthier and sustainable world.

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APPENDIX

Measures Used in the Study

Constructs	Factor Loadings / Reliability**	
	Chinese Sample	American Sample
Switching-back Intention	.67*	.86*
Given your evaluation of the new offer from the service provider you left, please rate the probability that you would switch back or return. (5 point semantic differentiate scale)		
Impossible.....Possible	.98	.89
Definitely notDefinitely would	.78	1.06
WOW (5 point Likert scale)	.88	.94
The new offer would be a worthwhile consideration.	.64	1.06
I would value the new offer as it would meet my needs for a reasonable price.	.58	.95
If go back to my original/previous service provider I think I would be getting good value for the money I spend.	.61	.91
If I go back to my original/previous service provider, I feel I would be getting my money worth.	.70	1.09
I feel that I would be getting a good quality service for a reasonable price with this new offer.	.74	1.14
Post-Switching Regret (5 point Likert scale)	.76	.85
I feel sorry about leaving my original service provider.	.92	.71
I regret leaving my original service provider.	.88	.86
I should have stayed with my original service provider.	.83	.73
Original Service Provider's Social Capital with the Customer (5 point Likert scale)	.72	.88
I owe my original/previous service provider my patronage because of the favors/gifts I used to receive.	.75	.87
I feel obliged to do business with my original/previous service provider because of the favors/gifts I used to receive.	.86	.97
I feel a need to repay my original/previous service provider for the way they treated me.	.69	.62
New Service Provider's Social Capital with the Customer (5 point Likert scale)	.80	.90
I owe my current service provider my patronage because of the favors/gifts I used to receive.	.73	.92
I feel obliged to do business with my current service provider because of the favors/gifts I used to receive.	.83	.97
I feel a need to repay my current service provider for the way they treated me.	.57	.79

*(correlation coefficient for two items)

** (The **boldfaced** numbers represent reliability while unbolded numbers are non-standardized factor loadings.)

IDENTIFYING THE KEY DRIVERS OF CUSTOMER SATISFACTION AND REPURCHASE INTENTIONS: AN EMPIRICAL INVESTIGATION OF JAPANESE B2B SERVICES

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ABSTRACT

The purpose of this article is to report the results of a study that examines the drivers of customer satisfaction and repurchase intentions among Business-to-Business (B2B) service customers in Japan. The article offers both a conceptual and practical review of the literature surrounding service performance, customer satisfaction, and repurchase intentions in B2B services. Using a sample of 700 managers in Japan and a structural equation modelling approach, several significant drivers of customer satisfaction and repurchase intentions were found from both the supplier's product and service delivery performance. We found that the service delivery dimensions of account rep and technician performance, as well as product perceptions, were strongly related to customer satisfaction, which, in turn, was strongly related to repurchase intentions. Price perceptions were not related to satisfaction but were related to repurchase dimensions. The results have implications for both academic research and managers who are interested in managing the customer interface more effectively in Japanese B2B services.

BACKGROUND TO THE STUDY

Based on a worldwide survey of CEO's of multinational corporations, improving customer loyalty and retention was one of the top two or three major challenges facing their organizations (Briscoe 2002). These firms continue to allocate substantial resources to programs that measure customer perceptions of service quality, satisfaction, perceived value, and repurchase intentions. The hope is that by tracking such customer perceptions, the firm can quickly identify gaps in operational performance, fill those gaps to better meet customer demands, and hopefully retain the customers for the future. The overriding goal of these programs is increased

customer satisfaction and loyalty, which provides a number of associated financial benefits for firms.

There has been a good deal of recent academic research focusing on the financial benefits of high customer satisfaction (Anderson, Fornell, and Mazvancheryl 2004; Gruca and Rego 2005; Homburg, Koschate, and Hoyer 2005; Reichheld 2006; Williams and Naumann 2011). For example, customer satisfaction has been found to positively and directly influence the following business indicators: customer repurchase intentions (Anderson and Sullivan 1993; Curtis, Abratt, Rhoades, and Dion 2011; Mittal and Kamakura 2001); positive word of mouth (Parasuraman, Berry, and Zeithaml 1991); financial performance (Anderson, Fornell, and Lehmann 1994; Anderson and Mittal 2000; Bernhardt, Donthu, and Kennett 2000); and equity prices (Anderson et al. 2004; Keiningham, Aksoy, Cooil, and Andreassen 2008). In short, high and/or improved customer satisfaction typically leads to improved revenue flows, profitability, cash flow, and stock price of the firm.

The vast majority of this research is based on U.S. data, often using the American Customer Satisfaction Index and public financial databases such as Compustat. There has been little published research that has examined customer satisfaction and repurchase intentions in a Japanese B2B services context. Japan is the third largest economy in the world, and the fourth largest market for U.S. exports (OECD 2011). However, the Japanese culture is distinctly different from the U.S. culture, possibly leading to differences in the drivers of satisfaction and loyalty. Therefore, a better understanding of decision making in Japanese companies is important, especially for the multi-national corporations that dominant world trade.

Given the pervasive influence of national culture on many consumer attitudes (Donthu and

Yoo 1998; Furrer, Liu, and Sudharsan 2000; Khan, Naumann, Bateman, and Haverila 2009; Mattila 1999; Reimann, Lunemann, and Chase 2008), we wanted to explore Japanese customer perceptions and their influence on satisfaction and repurchase intentions. Ueltschy, Laroche, Aggert, and Bindl (2007) studied service quality perceptions and customer satisfaction in a cross cultural study of the U.S., Germany, and Japan, but did not specifically address repurchase intentions. Barry, Dion, and Johnson (2008) included Japan as one of 42 countries in their cross cultural study of consumer relationships, but did not address repurchase intentions. Others have examined specific aspects of supplier-customer interactions, but not repurchase intentions (Johansson and Roehl 1994; Reisinger and Turner 1999). Given this evidence, there appears to be very little research that has examined repurchase intentions in Japan. Since repurchase intentions are typically a strong predictor of actual loyalty behavior (Curtis et al. 2011), the lack of research in a Japanese B2B context is a gap in the literature.

As many U.S. firms globalize their operations, it is important to examine cross-national differences in consumer attitudes and behaviors (Morgeson, Mithas, Keiningham, and Aksoy 2011). Firms that understand how to improve customer satisfaction and repurchase intentions in foreign markets will likely gain competitive advantages. A review of the literature reveals that most previous satisfaction and loyalty research has been conducted in the U.S. and Europe, so adding a Japanese cultural dimension could enhance our understanding in a different cultural context. Certainly, it was expected that the Japanese cultural preference for long term personal relationships would influence the drivers of satisfaction and repurchase intentions.

To summarize, the specific purpose of the study presented in this article was to identify the key drivers of customer satisfaction and repurchase intentions in a Japanese B2B services context. The intent was to examine the direct relationships between the keys drivers and the dependent variables. A large sample of Japanese managers (n=700) who had major influence in the selection and evaluation of service providers *in the facilities management industry* were surveyed. In the following sections, we review the literature related to Japanese cultural dimensions, in general, and then specifically towards service

performance, customer satisfaction, and repurchase intentions.

THEORETICAL REVIEW AND RESEARCH HYPOTHESES

The Expected Impact of Japanese Culture on Customer Attitudes

The traditional view of the operation of multinational corporations (MNCs) often compared “home” and “host” country distinctions (Hymer 1960; Buckley and Casson 1976). This focus often dealt with internationalization issues and business practices across borders. The more recent, broader view of the MNC is an organization that operates in spatial heterogeneity (Dunning 1998, 2009). Spatial heterogeneity, or space, is typically viewed as the “distance” of geographic, cultural, economic, and political dimensions (Ghemawat 2001). This view contends that all aspects of distance and space should be evaluated when an MNC is formulating international strategies. A major challenge for MNCs is managing the increasing global interface between people, nations, and cultures, while maintaining local distinctiveness (Meyer, Mudambi, and Narula 2011). One purpose of this article is to examine the impact of one aspect of distance, psychic or cultural distance, on the formulation of repurchase intentions in Japan in a B2B Services context.

There are several taxonomies that have been widely used to classify cultures, and cultural distance, such as: masculine-feminine, individual-collective, and low context-high context (Hofstede and Bond 1988; Triandis 1989). While these taxonomies appear to have direct relevance to this study, additional cultural factors will be highlighted here to reinforce their potential impact on customer attitudes. Hofstede (1991) finds that the U.S. and Japanese cultures differ significantly on most of the widely used dimensions of culture. In general, Japan is widely considered to have a more collectivist and high-context culture compared to most Western countries (Furrer et al. 2000).

As a highly collectivist culture, Japanese citizens place group interests ahead of individual interests (Kim, Triandis, Kagitcibasi, Choi, and Yoon 1994). For example, Lohtia, Bello, and Porter (2009) found that the Japanese notion of collectivism motivates Japanese buyers to develop

and maintain close relationships with sellers. Similarly, Huff and Kelly (2003) conclude that organizations from collectivistic cultures find it difficult to trust external partners, particularly from other cultures or groups. This collectivism may lead to a more dispersed decision making process in an organization, involving more participants. The more diverse group may lead to somewhat different decision criteria in evaluating satisfaction and making repurchase decisions.

Japan has also been identified as having a high-context culture (Hall, 1987). According to Lohtia et al. (2009), high context cultures stress relationship closeness and the personal nature of business interactions. *Ningen kankei*—the necessity of establishing social bonds—is a key part of business in Japan. With such bonds and personalization important to Japanese, the service climate and the personal interactions through the service interface are likely to be very important to the development of long term relationships between buyers and sellers. Due to its high-context nature, communication and meaning are often implicit in Japanese culture. For example, the use of nonverbal cues, subtle recognition of the status of individuals, and the prevention of loss of “face” are common in Japan (Irwin, 1996).

Such subtle, high-context activities are very important in communication in Japan but are less important in Western cultures. In Western businesses, interaction is often seen more objectively through its focus on the task, time efficiency, and service processes rather than non-verbal recognition and personalization. In terms of customer attitudes, business customers in Japan are thus more likely to place a strong emphasis on the personal service interactions with the supplier’s personnel. Collectively, we would expect that these cultural tendencies would cause respondents in our study to highly value personal interaction with service provider personnel. The touch points of personal interaction between a service provider and the customer should be relatively more important in Japan than in the Western countries.

Another cultural factor that is likely to affect business practices is the Japanese emphasis on developing and maintaining long-term relationships between organizations (Czinkota and Woronoff, 1986). Relationships and trust are very important when conducting business in Japan (Johnson, Sakano, and Onzo 1990; Kim and Michell 1999). The long term, mutually

beneficial supply chain orientation that is common in Japan implies the importance of the customer partnerships and alliances between members. Hodgson, Yoshihiro, and Graham (2000) suggested that suppliers in Japan must establish and maintain close personal contacts at all organization levels of the customer firm. Similarly, Cousins and Stanwix (2001) note that the Japanese managers view relationship building with suppliers as a part of their daily job responsibilities. Other research on relationships in Japan has highlighted the importance of trust in business interactions (Johnson, Nader, and Fornell 1996). This would also appear to make the touch points of personal interaction more important than in Western cultures.

Finally, Japan has a culture that emphasizes the need for harmony and courtesy (Reisinger and Turner 1999). Maintenance of ongoing relationships is supported by an emphasis on harmony that discourages any overt displays of dissatisfaction (Reisinger and Turner 1999). As members of a collectivist culture, the Japanese desire for harmony leads to an aversion to aggression or confrontation (Lazer, Murata, and Kosaka 1985). The desire for harmony also makes courteous behavior important (Fukutake 1981). While harmony and self-discipline are encouraged, confrontation and complaining are discouraged. Shutte and Ciarlante (1998) also suggest that Asian customers may even attribute product or service failures to forces beyond the control of the provider, a perspective that allows the problem to be considered less of a personal affront. The desire for harmony may mitigate the expression of dissatisfaction in the relationship (Khan et al. 2009). From a research standpoint, this implies that many (most) Japanese respondents may avoid giving low ratings on response scales. This could cause responses to be less widely distributed across the scale, thus reducing the predictive ability.

In summary, there has been very little research on the drivers of customer satisfaction and repurchase intentions in a Japanese B2B service context. It is evident that conceptualizations of service interaction will need to include a significant social interaction component between a supplier’s personnel and their contact in the customer organization. It would appear that the Japanese culture is more conducive to social interaction and harmony in organizational relationships (Furrer et al. 2000;

Hewett and Bearden 2001). Similarly, Liu and McClure (2001) found that the Japanese are more inclined than members of individualist cultures to praise the service they receive, and less likely to switch after a bad service experience. The impact of factors such as price, product quality, and service efficiency would appear to play a less significant role than personal interaction and relationships in repurchase decisions by Japanese customers than in other studies conducted in the USA and Europe.

Antecedents and Consequences of Repurchase Intentions

Customer repurchase intention typically is measured by a customer's intent to stay with an organization (Zeithaml, Berry, and Parasuraman 1996). In general, it represents a commitment by the customer to purchase more goods and services from the organization, and also to promote positive word-of-mouth recommendations. Recently, there has been a large body of literature that has focused on customer repurchase intentions (Anderson and Mittal 2000; Capraro, Broniarczk, and Srivistava 2003; Cooil, Keiningham, Aksoy, and Hsu 2007; Lam, Venkatesh, Erramilli, and Murthy 2004). Simply put, customers with high repurchase intentions tend to stay with their existing suppliers, typically spend more money with the supplier, and promote positive word of mouth. In turn, this leads to increased revenue, reduced customer acquisition costs, and lower costs of serving repeat customers, and better profitability (Ganesh, Arnold, and Reynolds 2000).

The extended revenue stream from loyal customers is often referred to as customer lifetime value (CLV) (Reinartz and Kumar 2003). The implication is that loyal customers have a substantially higher CLV than non-loyal customers, conveying benefits to a supplier over an extended period of time. Customer loyalty in a B-to-B market situation is often the result of a stay/go or renewal/non-renewal decision with an existing supplier. However, identifying and tracking the stay or go decision is difficult in many supplier-customer service situations due to their dynamic and longitudinal nature. The additional expense of longitudinal studies means most academic researchers have used repurchase intentions as a surrogate indicator for actual

subsequent customer loyalty behavior (Bolton 1998).

Previous studies have reported a number of possible drivers of customer repurchase intentions. Customer satisfaction is considered a key antecedent of repurchase intentions, with a good deal of research finding a positive main effect between customer satisfaction, and both repurchase intentions, and actual subsequent loyalty behavior (Anderson and Sullivan 1993; Bolton 1998; Bolton and Lemon 1999; Curtis et al. 2011; Mittal and Kamakura 2001; Oliver 1999; Sirdeshmukh, Singh, and Sabol 2002). Other studies have found similar results, where increased customer satisfaction leads to higher repurchase intentions (Zeithaml et al. 1996). Consistent with this research, we expected customer satisfaction to fully mediate the relationship between dimensions of service and product performance and repurchase intentions. While there is little research that has examined the satisfaction-repurchase intentions linkage in Japan, there is an overwhelming body of literature that indicates that satisfaction is positively related to repurchase intentions in other countries. We expected these relationships to be consistent. Based on the literature review above, the following research hypothesis emerged for our study:

H1: Customer satisfaction is positively related to repurchase intentions.

Antecedents of Customer Satisfaction

In a B2B services context, it is only logical that dimensions of service performance are among the drivers of satisfaction. It should be noted at this juncture that service performance has emerged as a rather fuzzy concept in the literature, with a wide divergence of opinions on how it should be operationalized (Winer 2001; Richards and Jones 2008). While some have used relationship satisfaction to measure service performance (Crosby, Evans, and Cowles 1990), others have used commitment (Dorsch, Swanson, and Kelley 1998), trust (Bejou, Barry, and Ingram 1996), conflict resolution (Kumar, Sheer, and Steenkamp 1995), and perceived service quality (Henning-Thurau and Klee 1997).

In the B2B services focus of this study, we reviewed current literature on the service

performance interface between supplier and customer organizations. Homburg and Garbe (1999) suggested that B-to-B service consisted of structural quality (the quality of the core product/service offering), process quality (how service is delivered), and outcome quality (the actual results). They noted that process quality, the way things get done, has a strong impact on the customer satisfaction of business customers. Arnaud (1987) suggested that service has technical, relational, functional, and institutional dimensions. Both of these conceptualizations emphasize the process of service delivery and the more technical nature of B-to-B services (Homburg and Rudolph 2001). Others have also found interaction and social exchange to be important dyadic factors in service delivery (Woo and Enew 2005). It is noteworthy that viewing B2B service delivery as dyadic social exchange is quite similar to the earlier conceptualizations of personal interaction in business relationships in Japan (Barry et al. 2008; Bove and Johnson 2001). Similarly, Schellhase, Hardock, and Ohlwein (2000) found that technical competence and knowledge of the service provider's personnel and cooperation between supplier and customer were important drivers of customer satisfaction.

Viewing service delivery as dyadic social interaction is consistent with Vargo and Lusch's (2004) Service Dominant Logic (SDL) framework. Vargo and Lusch contended that value is co-created by actors from both supplier and customer organizations through mutually beneficial interactions. Vargo and Lusch (2008) subsequently noted that the SDL framework was particularly appropriate for studying B-to-B services where multiple individuals in supplier and customer organizations work closely together to meet the customer's needs. Vargo and Lusch (2011) further suggested that value is co-created through the integration of service offerings with other resources (such as tangible products).

Account representatives, maintenance, repair, customer service, and technical support are common dimensions of B2B service quality (Jackson and Cooper 1988; Patterson and Spreng 1997) and are actors in the SDL framework. Most of these dimensions of service delivery involve the touch points of personal contact between a service provider and customers who are co-creating value.

For the current study, there were three touch points of personal contact between the service provider and the customer. These were account reps, technicians, and emergency service personnel. Each customer organization had a specific account rep that was the point of direct communication. The account rep interacted with the key contact, usually a facilities manager, in the customer organization. Based on feedback from customers (to be discussed in more detail), account rep performance was evaluated based on six questions that measured different aspects of performance. Technicians were the individuals who performed the regular technical support aspects of the heating, ventilation, air conditioning, and security systems. Technician performance was evaluated based on five questions measuring the technician's service performance. Emergency services were delivered by the first available technician, not necessarily the regular technician. For example, if the heating or cooling system failed, an emergency service person was immediately dispatched to fix the problem. Emergency service was evaluated using five questions (**Note: questions for all constructs appear in Appendix A**). Based on the previous literature and the Japanese cultural context, we expect these touch points of service performance to be strongly and positively associated with customer satisfaction. Hence, we propose to address the following research hypotheses:

H2: Service Performance is positively related to Customer Satisfaction.

H2a: Account rep performance is positively related to Customer Satisfaction.

H2b: Technician performance is positively related to Customer Satisfaction.

H2c: Emergency service performance is positively related to Customer Satisfaction.

Product Perceptions

Another potential driver of customer satisfaction examined in this study was customer perceptions of products. Many B-to-B services have a tangible product component that influences customer satisfaction (Vargo and Lusch 2011;

Zolkiewski, Lewis, Yuan, and Yuan 2007). Therefore, the quality of the installed control system contributes to the customer's overall evaluation of the supplier. If product quality is high, the system will work as it should. This should also lead to more positive overall evaluations of the supplier (Gill and Ramaseshan 2007). If quality of the product is evaluated as low, the system may require frequent adjustments and maintenance, or the system may fail completely, resulting in downtime. For example, system failure could result in higher maintenance support and costs or more frequent use of emergency services, leading to lower evaluations of supplier performance and less repurchase intentions.

Certainly there is some literature that empirically shows the direct or indirect effects of products on customer satisfaction in B2B services (Homburg and Garbe 1999; Homburg and Rudolph 2001), but there is an absence of published research on this subject in a Japanese context. We felt that product perceptions would be an important driver, but perhaps play a lesser role than the social interaction of the service personnel to Japanese buyers. Since customers' evaluations of the installed system can influence the supplier-customer relationship, it is proposed that:

H3: Product perceptions are positively related to customer satisfaction.

Price Perceptions

The price perception of customers is the final expected key driver of repurchase intentions. In a B2B context, selecting the right source of supply has long been regarded as one of the most important business functions (Soukup 1987). At the initial purchase decision, value perceptions are important in customer decision making (Johnson, Hermann, and Huber 2006). Inherently, value perceptions involve a trade-off between price paid and expected benefits. Further, if the price is outside a customer's range of acceptability or the price signals that the quality is inferior, the offer may then have little overall perceived value (Dodds, Monroe, and Grewal 1991). In other words, it may be argued that during the renewal phase of the service contract, a customer's perceptions of a supplier's price might directly

affect intentions to repurchase (Patterson and Spreng 1997).

Since price plays such an important role in vendor selection, it should also play similar role in the formation of repurchase intentions (Katsikeas and Leonidas 1996; Lye and Hamilton 2000). We thus operationalized price as "relative price" to enable clarity in the model when contrasting the other drivers. Relative price is where customers rate the price paid for their product and service, relative to the industry average for such equivalent products and services and competitive alternatives. This has an implicit assumption that if the price is significantly below the industry average, there should be a positive perception of price. In contrast, if price is significantly above industry average there is a negative perception of price. Consistent with prior research, we expected to find a negative relationship between the relative price paid and repurchase intentions (Homburg and Koschate 2005; Noone and Mount 2007): i.e., the higher relative price paid for the services and parts, the lower should be the repurchase intentions.

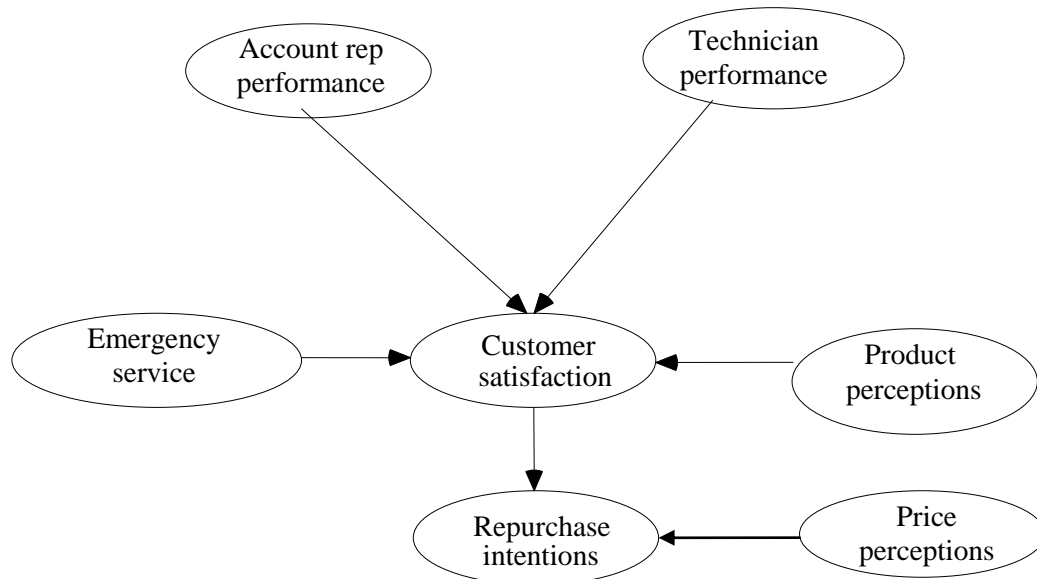
H4: Relative Price perceptions are negatively related to Repurchase Intentions.

By integrating the discussion to this point, we present our conceptual model to be tested (Figure 1). The model shows the three service performance dimensions (account rep, technician, emergency service), and product perceptions being positively related to customer satisfaction. Customer satisfaction is expected to be positively related to repurchase intentions. Price perceptions are expected to be negatively related to repurchase intentions.

The impact of Japanese culture on these expected relationships is relatively unknown, although literature suggests that the service constructs involving personal interaction appear to be very important in Japanese business activities. The expected direct and indirect effects are unknown and difficult to hypothesize. However, consistent with existing research (Cronin, Brady, and Hult 2000; Dabholkar, Shepherd, and Thorpe 2000), customer satisfaction should mediate the relationships between dimensions of service performance, product perceptions, and repurchase intentions.

FIGURE 1

Conceptual Model



METHODOLOGY

The firm in this study is a multinational company that provides facilities management services to businesses worldwide, including Japan. The primary facilities management services provided in Japan are maintenance, repair, and upgrading of heating, ventilation, air conditioning, and security systems in large organizations across the country. Since this service provider has a threshold dollar volume for service contracts, most clients are large organizations. Indeed, the customer organizations were mostly large, Fortune 1000-type organizations with structures such as office buildings, factories, and industrial complexes. In addition, facilities management was provided to some educational institutions (i.e. universities) and healthcare organizations (i.e. hospitals). In all cases, building services were formalized by annual service contracts for the on-going maintenance of the respective buildings. Each

facility had a separate service contract. The “key contact,” usually a facilities manager, was always specified in the contract. This key contact person was the source of the sample frame.

The Sample

A sample frame of customers was provided by the Japanese division of the MNC in the study. All customers who were at the mid-point of their annual service contract were included in the sample frame. The primary logic for interviewing at the midpoint of the contract was to allow time for service recovery if disaffected customers were identified. Each potential respondent was attempted to be contacted up to five times by telephone.

The cooperation rates (completed interviews/respondents contacted) were in the range of 55-65% each month but were not tracked specifically for non-response bias. The high

response rate was achieved since each respondent had agreed at the time that the contract was initiated to later participate in a survey. This was also part of the supplier's strategy to keep close contact with its customers with regular follow up and opportunities for feedback. The sample of customers interviewed was broadly representative of the whole customer base of the MNC's Japanese division.

A total sample size of 700 was accomplished over six consecutive months of interviews, and the resulting data was aggregated for detailed analysis in this study. The respondents were predominantly "key decision makers" or managers who had "major influence" in the selection and management of facilities management service providers. An experienced Tokyo based market research firm conducted the telephone interviews in the Japanese language. Each survey was answered by different individuals due to the survey protocol that a customer could be interviewed only once every six months. There were no repeated measures issues.

Questionnaire Development

A two-step approach was used to develop the questionnaire for this study. First, the items used in the study were derived from an extensive review of academic research (Oliver 1999; Zeithaml 1988; Zeithaml et al. 1996). Second, the questionnaire items were subsequently refined for the specific context of the study by conducting depth interviews with customers about their key drivers of service performance and satisfaction in the B-to-B building services context. The questionnaire was developed through initial qualitative research with a group of 20 of the firm's customers in Japan. The qualitative interviews were intended to capture the "voice of the customer" and to understand the customer's needs and expectations. Therefore, telephone depth interviews were initially conducted in Japan by a Tokyo based marketing research firm. Customers were asked to identify their key drivers of customer satisfaction and drivers of the renewal decision for facilities management providers. Their responses were crafted into specific questions on the questionnaire. In order to establish face validity, these questions were examined and modified by an expert scholar who was skilled in questionnaire design and familiar

with the B2B building services industry. The draft questionnaire was then circulated to an executive steering committee at the firm for further review and feedback. The steering committee consisted of the worldwide customer satisfaction research director, country manager, regional managers, and the CEO of the research firm. The steering committee also aligned the questionnaire with the firm's internal Six Sigma process improvement initiative.

To improve validity and to be consistent with existing research methodologies, each construct was measured using multi-item variable composites. For example, repurchase intentions consisted of two questions, one question about the "likelihood to renew" the service contract, and a question on the customer's "willingness to recommend" the firm. This is the most widely used composite for repurchase intentions (Dick and Basu 1994; Johnson et al. 2006; Sirdesmukh et al. 2002). Repurchase intentions is typically viewed as a behavioral indicator, while willingness to recommend is viewed as an affective indicator of customer attitudes.

The customer satisfaction construct consisted of a linear composite of two questions. One question was a question on overall satisfaction, and one assessed whether customer expectations were being met. This is also consistent with previous research (Barry et al. 2008; Tokman, Davis, and Lemon, 2007; Zeithaml 1988; Zolkiewski et al. 2007) and was considered to be a more robust technique than using single-item measures. The account rep construct initially consisted of six measures, while technician and emergency service performance each had five measures. The product construct consisted of four measures. Relative price perceptions consisted of three measures. The questionnaire also included questions on "complaint handling." Interestingly, there were too few responses to these questions for statistical analysis. The resultant survey included 32 questions that were felt to capture the respective attitudes of the customers of the firm. **The specific wording of the questions is presented in Appendix A.**

The scales used in this research are commonly used in both academic and managerial research. The survey was administered by telephone, and five point response scales were used. For example, overall customer satisfaction was measured using a balanced, five point scale:

Very Satisfied-Satisfied-Neither Satisfied nor Dissatisfied-Dissatisfied-Very Dissatisfied. This is the most widely used wording and scale for overall satisfaction (Gruca and Rego 2005). Met expectations, willingness to recommend, likelihood to renew, and the price questions also involved balanced five point scales.

The more specific questions on product and service dimensions all used the same response scale of Excellent-Very Good-Good-Fair-Poor to evaluate supplier performance, another very commonly used scale. The use of unbalanced scales is common in customer satisfaction research. When current customers are surveyed, most customers have positive perceptions of their supplier. For example, less than 10% of respondents typically give a rating of "Fair" or "Poor". Roughly 90% of existing customers give a rating of "Good-Very Good-Excellent". The use of an unbalanced scale gives respondents three positive choices, better representing the distribution of their perceptions.

Data Analysis

The data analysis followed a two-stage procedure. In the first stage, preliminary analysis of the data was conducted to assess the validity of the various items and constructs of interest. Confirmatory factor analysis (CFA) using AMOS 17.0 was used to test the validity of measures in the study (Byrne 2001). This was done to see if the individual items loaded into the a priori model in Figure 1, as expected. CFA was preferred over the exploratory factor analysis because it is theory based (Bollen 1989) and is a well-recognized technique (Hair, Black, Babin, Anderson, and Tatham 2006). Average Variance Extracted (AVE) scores were calculated to assess the constructs' convergent validity, and we used Fornell and Larcker's (1981) test to assess the discriminant validity between the constructs. The initial measurement model was assessed for stability using the typical goodness of fit indices for CFA to see if the model fit the data well, and whether the respective items represented the correct construct.

In the second stage of the data analysis, we used structural equation modelling (SEM) to estimate parameters of the hypothesized model (Figure 1). We wanted to see which of the independent variables would impact directly on customer satisfaction. These drivers of account

reps, emergency services, technicians, and product perceptions were expected to be positively related to customer satisfaction. Customer satisfaction was expected to be positively related to repurchase intentions. Price perceptions were expected to be negatively related to repurchase intentions.

RESULTS

Measurement Model Development

We initially conducted CFA to assess the validity of all of the respective items and constructs. It was apparent that there was some initial cross-loading of some items, as the model did not fit the data very well. We ran further tests on the basis of item-to-item correlations and standardized residual criteria to refine the items used to represent the constructs. Similar refinement procedures have been used extensively in other research studies into this area (Hair et al. 2006).

Therefore, in our measurement model, this was done using the modification indices. We found that some of the standardized residual covariances were higher than the recommended value of 2.0 (Byrne, 2001). We decided to drop ten items from the subsequent analyses that did not meet the criteria. The 'account rep performance' factor which went from 6 to 3 items, the 'emergency service performance' and 'technicians performance' factors each went from 5 to 3 items, and the 'relative price perception' factor went from 3 to 2 items. The 'product perceptions' factor went from 4 to 2 items. In particular, for account rep performance, we excluded questions of how would you rate account reps for arriving when promised, account reps for the timeliness of quotes for service work, and account reps for submitting proposals. Similarly, for emergency service performance we excluded questions of ability to diagnose system problems and personnel's willingness ability to explain any necessary repairs. For technicians, questions on notifying the customer in advance and preventative maintenance dropped out. For price perceptions, one question on prices for system maintenance was excluded. Two questions on product perceptions were deleted: how would you rate the innovativeness of products, and products and parts for availability. We also excluded all three questions related to

“complaint handling” due to very few responses to these questions. The items (10) excluded from the primary constructs were carefully evaluated in the light of the original conceptual definitions of the constructs. We felt that the exclusion of the items in each case did not significantly risk the domain of the construct and the theoretical model as it was initially conceived.

The reduced set of items was then subjected to a second CFA, and a completely standardized solution generated by AMOS 17.0 using maximum likelihood method showed that

all of the items loaded highly on the their corresponding factors, had construct validity, and the model fit the data well (Byrne 2001; Hu and Bentler 1999). In particular, the diagnostics of the model included a comparative fit index (CFI) of 0.97, goodness of fit index (GFI) of 0.966, adjusted goodness of fit index (AGFI) of 0.944, and root mean square error of approximation (RMSEA) of 0.49. The measurement model and the standardized loadings, along with critical ratios are shown in Table 1.

TABLE 1

CFA Measures and Construct Reliabilities

<i>Constructs and Items</i>	<i>Standardized Loadings</i>	<i>Critical Ratio</i>
Account rep performance ($\alpha = 0.865$; AVE = 0.850) Technical knowledge Keeping in touch Listening to needs	0.92 0.84 0.78	Constrained 27.70 25.02
Technician performance ($\alpha = 0.806$; AVE = 0.785) Courtesy and friendly Technical competence Communicating effectively	0.72 0.80 0.85	19.21 Constrained 22.00
Emergency service performance ($\alpha = 0.853$; AVE = 0.830) Quick response Arriving on time Keeping you informed	0.77 0.80 0.77	19.87 Constrained 19.74
Product perceptions ($\alpha = 0.884$; AVE = 0.870) Overall product quality Dependability	0.80 0.81	10.04 Constrained
Price perceptions ($\alpha = 0.929$; AVE = 0.926) Installation price Replacement parts prices	0.88 0.93	8.23 Constrained

Notes: Goodness-of-fit statistics of the model: $\chi^2/700 = 159.773$, $p = 0.000$; degrees of freedom (df) = 55; comparative fit index (CFI) = 0.977; goodness-of-fit index (GFI) = 0.966; adjusted goodness-of-fit index (AGFI) = 0.944; root mean square error of approximation (RMSEA) = 0.052

Construct validity was assessed using Cronbach alpha scores, ranging from 0.81 to 0.93, while average variance extracted (AVE) scores

ranged from 0.79 to 0.92 (Fornell and Larcker 1981). In addition, convergent validity and discriminant validity was assessed using the

procedures recommended by Fornell and Larcker (1981) and Anderson and Gerbing (1988). The *t*-values for the loadings were high and in the range of 8.23 and 27.70 representing adequate convergent validity (Hair et al. 2006). The discriminant validity between the value constructs was assessed where the average variance extracted (AVE) score for each construct is higher than the

squared correlation between that construct and any other construct. All scores suggest that discriminant validity was supported between the constructs. The shared variance matrix is shown in Table 2 with all constructs displaying discriminant validity.

TABLE 2

Shared Variance and (Average Variance Extracted) for Main Constructs

	Accounts rep performance	Technician performance	Product perceptions	Emergency service performance	Price perceptions
Accounts rep performance	(0.85)				
Technician performance	0.21	(0.79)			
Product perceptions	0.09	0.13	(0.87)		
Emergency service performance	0.19	0.44	0.09	(0.83)	
Price perceptions	0.02	0.28	0.02	0.02	(0.93)

The preliminary analysis of the items, constructs and measurement model suggested that the data fits the model well, and further structural equation modelling (SEM) could be conducted.

Addressing the Research Hypotheses

We used SEM to examine the theoretical model, using AMOS 17. Specifically, we examined the hypothesized relationships among the constructs that emerged from the CFA. The exploratory nature of the study allowed us to examine this in contrast to previous literature. The results are presented in Table 3.

The results suggest that the model fits the data well. In particular, the statistics suggested the overall fit of the model was acceptable: $\chi^2_{700} = 274.967$; $p = 0.000$; degrees of freedom = 103; GFI = 0.956; AGFI = 0.935; and RMSEA = 0.049. Customer satisfaction was positively related to repurchase intentions, ($\beta = 0.796$) so hypothesis 1 was able to be supported. Similarly, the two main customer contact variables were

significant and positive influences on customer satisfaction (account rep performance, $\beta = 0.332$; technicians performance, $\beta = 0.584$). Their respective influences on satisfaction meant that hypothesis 2a and 2b were supported. However, emergency service performance did not load as expected with a non-significant influence on satisfaction so hypothesis 2c could not be supported. Product perceptions, as expected, was a significant and positive influence on customer satisfaction ($\beta = 0.18$), thus, hypothesis 3 was supported. Price perceptions influenced customer repurchase intentions negatively, as hypothesized, meaning that hypothesis 4 could be supported. The relatively strong influence of account rep performance and technician performance on customer satisfaction would appear to suggest that, in Japanese culture, personal contact in service delivery is valued highly. The product quality perceptions were relatively less important, but still significant at the .0001 level.

TABLE 3
Structural Model Estimates

Regression weights	Estimates	Standard error	Critical ratio	<i>p</i>	Standardized estimates
Technician perf. → customer satisfaction	0.415	0.047	8.905	0.0001	0.584
Accounts rep perf. → customer satisfaction	0.183	0.025	7.270	0.0001	0.332
Emergency service → customer satisfaction	0.010	0.039	0.254	0.799	0.015
Product perceptions → customer satisfaction	0.110	0.026	4.210	0.0001	0.187
Customer satisfaction → repurchase intentions	0.642	0.079	8.132	0.0001	0.796
Price perceptions → repurchase intentions	-0.128	0.041	3.142	-0.002	-0.19

Notes: Goodness-of-fit statistics of the model: $\chi^2_{700} = 274.967$, $p = 0.000$; degrees of freedom (df) = 103; comparative fit index (CFI) = 0.968; goodness-of-fit index (GFI) = 0.956; adjusted goodness-of-fit index (AGFI) = 0.935; root mean square error of approximation (RMSEA) = 0.049

DISCUSSION AND IMPLICATIONS

This study sought to identify the key drivers of customer satisfaction and repurchase intentions using a multi-attribute model in B-to-B services in Japan. In particular, this study posited that service providers must understand the involvement and interactive role of the touch points of personal interaction that influence customer satisfaction and repurchase intentions. This was achieved in the light of a customer service ethos in the company, with the aim to identify key drivers that influence repurchase intentions and develop a better understanding of these drivers and outcomes (Henning-Thurau, Gwinner, and Gremler 2002; Morgan and Hunt 1994).

As hypothesized, we found the touch points of personal contact (account rep performance, technician performance) and product perceptions to be all significantly and positively related to customer satisfaction. These customer relationships were all significant at the 0.0001 level. Consistent with the previous literature, our study supports the contention that personal interactions between service delivery personnel and customers are important contributors to B-to-B relationships in general

(Bolton, Lemon, and Verhoef 2004; Gill and Ramaseshan 2007) and in Japan, in particular.

The emergency services construct was not significantly related to customer satisfaction. Intuitively this makes sense. Emergency services are needed when something goes wrong. If the building system works properly, there should be no need for emergency services. So a customer is likely to prefer to never use the emergency service. It is somewhat like life insurance. Most of us carry life insurance, but we would really prefer that our beneficiaries not collect on the policy.

While our study focused on B2B services, the product construct was related to the customer satisfaction construct as expected. This suggests that tangible product evaluations do influence the relationship between the service provider and the customer, even when the core “product” is a service. Further, our results, consistent with Gill and Ramaseshan (2007), suggest that customers might have ensured that product offerings are of consistently high quality. Well designed, reliable products probably require a different service delivery mix than lower quality products. In other words, high quality products may require less maintenance and related costs. This should have been and was viewed positively by Japanese

service customers. However, product perceptions were relatively less important than the personal contact drivers of technician and account rep performance. This again supports the contention that personal business relationships are very important in a Japanese context (Lohtia et al. 2009).

From a theoretical standpoint, the findings reported here provide empirical support for the customer satisfaction construct as it was strongly related to repurchase intentions. Customer satisfaction is an important antecedent of repurchase intentions. This finding of our study is consistent with much existing research (Fornell, Johnston, Anderson, Cha, and Bryant 1996; Johnson, et al. 2006; Seiders, Grewal, and Godfrey 2005). We also concur with Johnson et al. (2006) who argued that as customers developed a relationship with the supplier in a mature market, with passage of time, more favorable attitudes toward the overall customer relationship and the supplier come to drive intentions. Therefore, based on our findings, it is important that customer relationship managers should take into account deeper understanding of the role of the various factors that drive customer repurchase intentions.

Price was an important element for customers when formulating repurchase intentions, but it appears it is not fully investigated in previous empirical studies (Bei and Chiao 2001). In our study, price has a negative relationship with repurchase intentions. The negative impact of price on repurchase intentions must be considered by suppliers when designing their value propositions and pricing strategies.

In sum, our study generally confirms previous findings that repurchase intentions in Japan largely depends on evaluations of the service provider-customer interaction but are context specific (Khan et al. 2009; Liljander and Strandvok 1995). The mediating role of customer satisfaction in affecting repurchase intentions demonstrates a strong relationship, suggesting the complex nature of B2B services. Our finding that the price perceptions are negatively related to repurchase intentions is consistent with other studies in western countries. It appears that Japanese customers generally tend to avoid high switching costs that, in our study, include important personal relationships between the service provider and customer organization (Lee and Overby 2004).

LIMITATIONS AND FUTURE RESEARCH

The findings reported here should be interpreted in the light of certain limitations of the study. A key limitation to broad generalizations from this research is the nature of services investigated. Facilities management services are delivered over a long period of time and are usually formalized by an annual service contract that is negotiated and agreed upon by both parties. This contractual service delivery situation may be quite different from transactional services that involve independent, discreet interactions. Simply put, other types of services may produce different results.

In an effort to shorten the questionnaire, the demographic questions had been deleted by the firm sponsoring this research. Therefore, we do not know how the results might have varied across different market segments or across different respondent characteristics. We do know that the respondents were primarily key decision makers in the selection of facility vendors in their large organizations. We do not know their age, job title, or years of experience dealing with the vendor.

The research setting was very specific: Japan-based B2B services. It is evident from previous research that customers from different cultures, including customers from Japan, may have different evaluations of overall service quality and its outcomes (Furrer et al. 2000; Winsted 1997, 1999). Generalizations from our study, therefore, should be exercised with caution.

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APPENDIX A**Wording and Measurement Scales**

1. Thinking about your overall experience with.....during the past 12 months, how satisfied are you in doing business with.....?
5 (*Very Satisfied*), 4 (*Satisfied*), 3 (*Neither Satisfied Nor Dissatisfied*), 2 (*Dissatisfied*), 1 (*Very Dissatisfied*)
2. How likely would you be to recommend.....to others?
5 (*Definitely Would Recommend*), 4 (*Would Recommend*), 3 (*Might or Might Not Recommend*), 2 (*Would Not Recommend*), 1 (*Definitely Would Not Recommend*)
3. Considering.....'s overall performance, would you say that.....has
5 (*Significantly exceeded your expectations*), 4 (*Somewhat exceeded your expectations*), 3 (*Met your expectations*), 2 (*Somewhat below your expectations*), 1 (*Significantly below your expectations*)
4. What is the likelihood that you will renew your service contract when it expires?
5 (*Definitely would*), 4 (*Probably Would*), 3 (*Might or Might Not*), 2 (*Probably Would Not*), 1 (*Definitely Would Not*)
5. Overall, how do you rate the quality of the business relationship you have with.....?
5 (*Excellent*), 4 (*Very Good*), 3 (*Good*), 2 (*Fair*), 1 (*Poor*)
6. How would you rate.....for following up with you to ensure resolution of issues you have brought to their attention?
5 (*Always*), 4 (*Usually*), 3 (*Sometimes*), 2 (*Rarely*), 1 (*Never*)
7. How would you rate.....performance in establishing fast, accurate, two-way communication with its customers?
5 (*Excellent*), 4 (*Very Good*), 3 (*Good*), 2 (*Fair*), 1 (*Poor*)

The following questions have the same response scale of *Excellent, Very Good, Good, Fair, Poor*

Product Perceptions

8. How would you rate.....on overall product quality?
 9. How would you rate.....products for dependability?
 10. How would you rate the innovativeness of.....products?
 11. How would you rate.....products and parts for availability?
-

Account Rep Performance

- 12. How would you rate.....account reps for their technical knowledge?
- 13. How would you rate.....account reps for keeping in touch?
- 14. How would you rate.....account reps for arriving when promised?
- 15. How would you rate.....account reps for the timeliness with which quotes for service work are provided?
- 16. How would you rate.....account reps for listening and clearly proposing solutions that best address your business needs?
- 17. How would you rate..... account reps for submitting proposals that are easy to understand?

Technician Performance

- 18. How would you rate.....technicians for notifying you in advance of preventive maintenance service calls?
- 19. How would you rate.....technicians for being courteous and friendly?
- 20. How would you rate.....technicians for the level to which preventive maintenance work is performed completely?
- 21. How would you rate the technical competence of.....technicians?
- 22. How would you rate.....technicians for communicating effectively?

Emergency Service Performance

- 23. How would you rate.....for quick response in emergency situations?
- 24. How would you ratepersonnel for arriving at your facility within a specified time frame?
- 25. How would you rate.....personnel on the ability to diagnose and resolve equipment or system problems in one visit?
- 26. How would you rate.....personnel’s willingness and ability to explain any necessary repairs?
- 27. How would you rate.....personnel on keeping you informed of progress from start of repair through completion?

Complaint Handling

Have you ever complained to.....about a problem?

Yes (Continue)

No (Skip to Q. 30)

28. How would you rate.....for listening to your complaints and taking appropriate action to resolve the issues?

29. How would you rate.....for having a clear process for escalating service complaints, if not originally resolved to your satisfaction?

Relative Price Perceptions

30. How would you rate.....prices for the installation of the new system components?

5 (*Significantly Above Average for the Industry*), 4 (*Somewhat Above Average*), 3 (*About Average*), 2 (*Somewhat Below Average*), 1 (*Significantly Below Average*)

31. How would you rate.....prices for replacement parts?

5 (*Significantly Above Average for the Industry*), 4 (*Somewhat Above Average*), 3 (*About Average*), 2 (*Somewhat Below Average*), 1 (*Significantly Below Average*)

32. How would you rate.....prices for system maintenance (such as diagnostics, technical support, etc.)?

5 (*Significantly Above Average for the Industry*), 4 (*Somewhat Above Average*), 3 (*About Average*), 2 (*Somewhat Below Average*), 1 (*Significantly Below Average*)

YOUNG AMERICAN CONSUMERS' PRIOR NEGATIVE EXPERIENCE OF ONLINE DISCLOSURE, ONLINE PRIVACY CONCERNS, AND PRIVACY PROTECTION BEHAVIORAL INTENT

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ABSTRACT

A web survey of 403 American college students generated data which permitted the testing of a model of the effects of prior negative experience of online disclosure on the students' online privacy protection intentions. It showed that young American consumers' prior negative experience of online disclosure: directly increased their online information privacy concerns; heightened their risk perceptions of online disclosure; undermined their trust in online companies, Internet marketers and laws to protect online privacy; reduced their time spent on SNS; and enhanced their intent to falsify personal information and/or to refuse to provide personal information. Students' online privacy concerns mediated the impact of prior negative experience on their: intention to refuse information provision; asking for removal of their personal information; spreading negative eWOM; and complaining to online companies. Students' online privacy concerns were found to elevate their perceived risks and undermined their trust in online companies, marketers and laws to protect privacy. Results provide online companies and Internet marketers some valuable insights on how poor customer relationship management might compromise precise, targeted marketing in social media.

INTRODUCTION

The phenomenal success of social networking websites (SNS), especially Facebook, depends on SNS subscribers' voluntary disclosure of enormous amounts of personal information. SNS make huge profits by utilizing the users' profiles, status updates, and social connections as well as their friends' recent activities for advertising and marketing purposes (Quinn 2010). SNS allow advertisers to tailor their ads more effectively and target to social media users more precisely, especially those who express brand preferences and interests on SNS. In addition, SNS sites also generate revenues by supplying

mountains of their subscribers' personal information to marketers, recruiters and any interested party. As a result, eMarketer (2012ab) estimated that U.S. marketers would spend about \$3.63 billion to advertise on SNS and Facebook alone will receive \$6.1 billion from advertisers worldwide in 2012.

However, the inappropriate collection, use, and dissemination of online personal data might curb consumers' enthusiasm for sharing valuable personal information on SNS, diminish the effectiveness of targeted social ads, hinder online bonding between brands/companies and customers, and attract regulators' attention. There exists an abuse of SNS subscribers' disclosed privacy information for the purposes they did not approve of (FTC 2010).

Very recently, there are some ominous signs that the effectiveness of social media advertising is eroding. Wall Street Journal reported that General Motors decided to withdraw its Facebook ads because they had little impact on consumers' car purchases (Terlep, Vranica and Raice 2012). *Advertising Age* reported that Facebook had been busy introducing new advertising models and metrics to prove its worth to advertisers, due to the dismal click-through rate of Facebook ads and marketers' general doubts over Facebook advertising effectiveness (Hof 2011). One probable explanation is that Facebook ads were not fed to Facebook users based on truthful and accurate personal information they disclosed so that most of Facebook ads were dismissed as irrelevant and uninteresting. In light of advertisers' doubts on the effectiveness of social media advertising, more empirical studies about consumer behavior of privacy disclosure and protection can provide interactive marketers and online companies valuable insights and guidance for improving their management of marketing communications in social media.

Meanwhile, parents, consumer advocacy groups, and the government have become increasingly concerned about the extent and nature of young American consumers' personal information disclosed on SNS whose design is

inherently open but vulnerable. Published research shows that a majority of college students disclose their lifestyle information such as favorite books, music, interests, their dating preferences, relationship status, and political views while a considerable number of them (16-40%) list a phone number and many of them even share their birthday (Acquisti and Gross 2006; Gross and Acquisti 2005; Jones and Soltren 2005; Stutzman 2006). On the other hand, security, access controls, and privacy are weak by design on most SNS because their popularity and commercial value hinge upon their easy and open access to all Internet users (Shin 2010). In addition, SNS themselves are vulnerable to various attacks from hackers and cyber predators who covet subscribers' personal data (Chen and Shi 2009). Consequently, the online behavioral advertising practices of SNS are facing the increasing scrutiny of the congress and the Federal Trade Commission (FTC) as they extend beyond what the SNS users originally intended: to develop and maintain social connections (Hoy and Milne 2010). After Facebook launched its "Open Graph Platform" that extends the social net's web across third-party sites, New York Senator Charles Schumer sent a letter to the Federal Trade Commission asking to develop guidelines for how Facebookers' information can be used and called a press conference with three other senators (Learmonth 2010). The FTC (2010) recently endorsed "Do Not Track" legislation to establish a uniform and comprehensive mechanism to protect consumers who do not want to be tracked or receive targeted advertisements.

Adolescents and young adults are the heaviest users of SNS but little is known about their online privacy protective behaviors in relation to their social media use. Two Pew Internet Project surveys show that 73% of online teens and 72% of young adults use SNS (Lenhart et al. 2010). Popular media and trade press have been voicing the concerns of government and privacy advocacy groups while also creating a myth that teenagers and young adults do not care about their online privacy at all (Dvorak 2010; O'Brien 2010). On the other hand, a new trend has been noted that more and more young college students are beginning to rethink online privacy and to exercise control over their personal information on SNS (Holson and Helft 2010). Another Pew study indicates that 71% of SNS users ages 18-29 had changed the privacy settings

on their profile to limit what they share with others online (Madden and Smith 2010). Another quantitative study also concludes that young people ages 18-24 have an aspiration for increased privacy like older Americans (Hoofnagle et al. 2010). However, few researchers have examined the relationship between online privacy concerns and privacy protection behaviors among young American consumers ages 18-29.

Current social media research in top advertising and marketing journals heavily focuses on social media as advertising/marketing tools. The majority of previous advertising and marketing studies concerns social media usage, perception, and attitude towards social media (Khang, Ki and Ye 2012). Few studies have addressed the consequences or effects of online companies and Internet marketers' misuse or abuse of social media users' personal data and the dynamic relationships between consumers' prior negative experience of online disclosure, online privacy concerns, perceived risk, trust, social media use, and their privacy protection intents on SNS. Hence, many important questions remain unanswered. For example, are young American consumers protecting their online privacy? Is their online privacy protection proactive or reactive? Does their social media use loosen their self-protection of online privacy? What are managerial implications of their behavior of online privacy disclosure and protection?

Before government agencies, consumer advocacy groups and industry agree upon an effective regulatory mechanism of social media marketing, they need to know whether young American consumers are worried about online privacy and to what extent their prior negative experience of online disclosure influences their online privacy concerns, perceived risk, trust, social media use, and intent to adopt online privacy protective behaviors. The call for stricter government regulation of SNS privacy practices is very justified if young American Internet users seriously care about the collection and uses of their online personal information but they seldom take action to protect their own online privacy. Self-regulation will be more appropriate if most of young American consumers are genuinely concerned about online privacy, and intend to adopt six effective measures to defend their privacy rights in the cyberspace. Hopefully, online marketers and social media companies will improve marketing practices such as customer

relationship management (CRM) after learning new insights of the impact of young American consumers' prior negative experience of online disclosure, online privacy concerns, trust, risk, and social media use on their privacy protection intent.

Against this backdrop, the current study constructs and tests a conceptual model to further our understanding of young American consumers' behavior of online privacy disclosure and protection.

THEORETICAL FRAMEWORK

Online Information Privacy Concerns

Previous studies show that consumers' online privacy concerns are multi-dimensional and complicated, and various online marketing activities may evoke varying levels of concern (FTC 1998). Smith et al. (1996) found that *collection* becomes consumers' concern when they perceive that "extensive amounts of personally identifiable data are being collected and stored in databases." Consumers are also concerned about *unauthorized secondary use*, that is, "information is collected for one purpose but is used for another, secondary purpose." *Improper access* bothers consumers when "data about individuals are readily available to people not properly authorized to view or work with this data." Consumers also worry about *error* because "protections against deliberate and accidental errors in personal data are inadequate" (Smith et al. 1996, p. 172). Smith and associates developed a scale to measure these dimensions and validated it across the populations of students, consumers, and professionals. The validity and reliability of this instrument have been confirmed by subsequent empirical studies (e.g., Milberg, Smith, and Burke 2000; Rose 2006; Stewart and Segars 2002). Further research also supported unauthorized secondary use, improper access and error as legitimate consumers' online privacy concerns (e.g., Janda and Fair, 2004; Metzger and Doctor, 2003; Sheehan and Hoy, 2000; Shin, 2010).

Therefore, in the current study, consumers' online privacy concerns are conceptualized as the degree to which an online consumer is concerned about the collection of online personal information, unauthorized secondary use, improper access, and error. Online information privacy concerns will be treated as a

multi-dimensional construct and a second-order factor as have other scholars (e.g., Stewart and Segars 2002; Malhotra et al. 2004; Okazaki, Li, and Hirose 2009).

Social Contract Theory

Social contract theory will be adopted to explain the underlying dynamics of how young American consumers' prior negative experience and online privacy concerns work together to influence perceived risk, trust, social media use, and six privacy protection behaviors examined in this study. Social contract theory has been applied by several marketing scholars to examine consumers' privacy concerns in both offline and online contexts (e.g., Culnan and Bies 2003; Malhotra et al. 2004; Phelps, Nowak, and Ferrell 2000; Okazaki et al. 2009). Other studies also consider consumers' exchange of personal information with marketers as an implied social contract (e.g., Culnan 1995; Milne 1997; Milne and Gordon 1993).

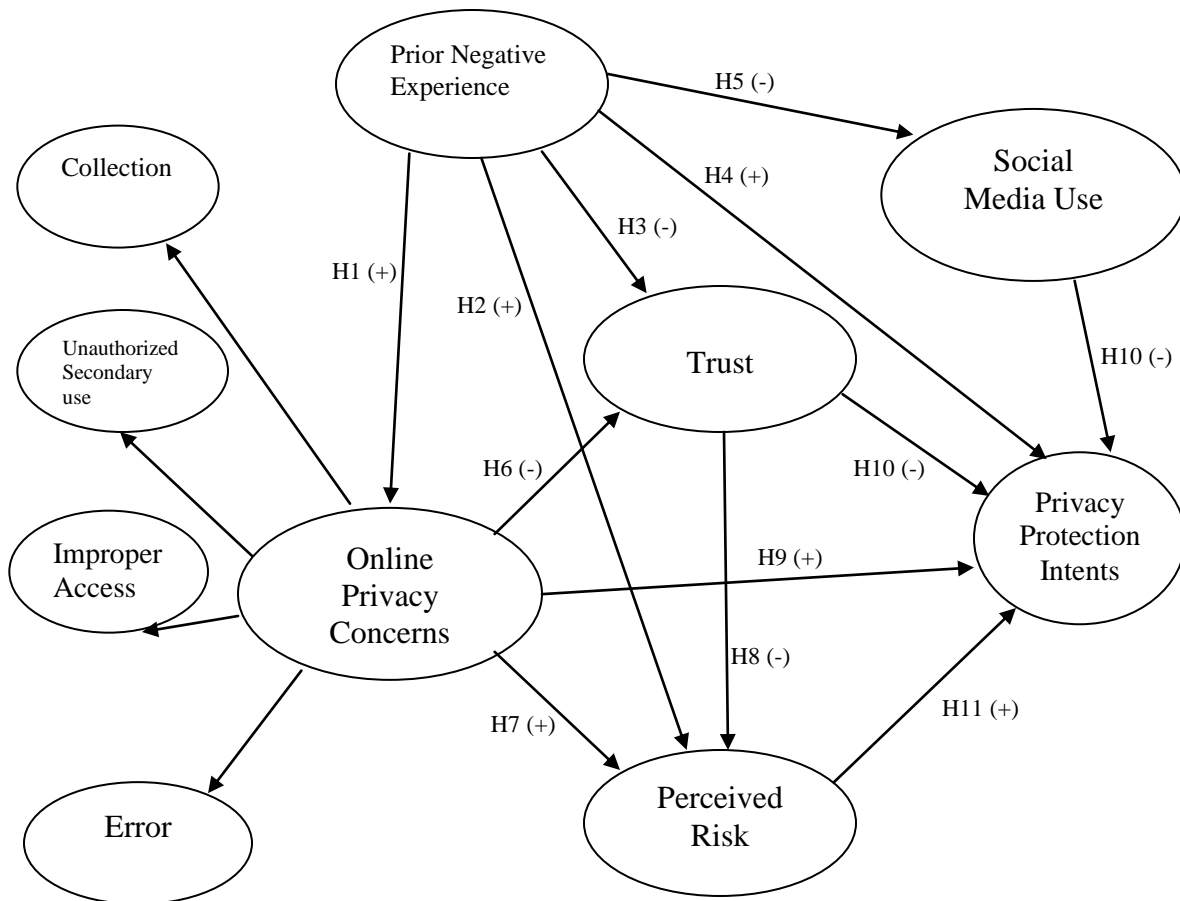
From this perspective, a social contract is formed whenever a consumer provides a marketer with personal information on the Internet in exchange for any incentive (including free convenient services of SNS). The consumer expects that their personal information will be managed responsibly. The implied contract will be regarded as "fair" if the marketer complies with FTC's five fair information practice principles of notice/awareness, choice/consent, access/participation, integrity/security, and enforcement/redress, and if the consumer has reasonable control over their personal information collected by the marketer (Culnan 1995). The contract will be breached by the marketer if a consumer's personal information is collected without his knowledge or consent, if his personal information is provided to a third party without permission, if his personal information is used for any other purpose not agreed upon by him, if the accuracy of his personal data is not safeguarded, if he is not offered an opportunity to opt out, or if he is not informed of the firm's privacy policy (Phelps et al. 2000). So, when none of the above improper behavior occurs, consumers' privacy is protected but when consumer control is lost or reduced involuntarily after and beyond a marketing transaction, his privacy will be invaded (Culnan 1993; Milne and Gordon 1993).

Based on the social contract theory and the current literature, a conceptual model of privacy protection behaviors in social media is proposed as shown in Figure 1. The sections

following provide the rationale for 11 causal paths in the proposed model.

FIGURE 1

The Proposed Model of Prior Negative Experience and Privacy Protection



Prior Negative Experience and its Consequences

Previous studies have shown that prior negative experience in personal information disclosure can significantly increase consumers' information privacy concerns in both online and offline contexts (e.g., Bansal et al. 2010; Culnan 1993; Okazaki et al. 2009). In turn, consumers' online privacy concerns hinder consumer's participation in Internet marketing and e-

commerce (Sheehan and Hoy 1999; Cho and Cheon 2004).

After a prior negative experience of online disclosure, consumers perceive that an implied social or psychological contract has been breached by online companies or Internet marketers. Consequently, dissatisfied consumers feel riskier providing personal information online and they will be less likely to trust that online companies or Internet marketers will handle their disclosed online data in good faith. Research

shows that the psychological contract violation of individual online merchants considerably damages Internet users' trust in the community of online sellers (Goles et al. 2009; Pavlou and Gefen 2005). Accordingly, prior negative experience of online privacy invasion can not only heighten consumers' risk perception of online disclosure directly (e.g., Bansal et al. 2010) but also undermine their trust in online companies or Internet marketers or laws to protect online privacy.

Some studies indicate that consumers' past experience of information disclosure to marketers serves as a strong predictor of their willingness to reveal personal information to marketers (Culnan and Armstrong 1999; Metzger 2006). On the other hand, prior negative experiences of online disclosure should force consumers to take protective measures such as withholding or falsifying personal information. For example, consumers victimized by privacy invasion tend to refuse to be profiled online for personalized advertising (Award and Krishnan 2006) and Facebook users with past experiences of privacy invasion tightened their privacy settings (Debatin et al. 2009).

The existential value of SNS is information sharing with friends, relatives and acquaintances (Ellison et al. 2007; Shin 2010). When young American consumers begin to worry about their online privacy due to prior negative experience, they will be more reluctant to disclose accurate personal information on SNS and naturally, their time spent on SNS will be reduced. Therefore, the following research hypotheses are proposed:

H1: Young American consumers' prior negative experience of online disclosure increases their online information privacy concerns.

H2: Young American consumers' prior negative experience of online disclosure increases their perceived risk of online disclosure.

H3: Young American consumers' prior negative experience of online disclosure undermines their trust of online companies, Internet marketers and laws to protect online privacy.

H4: Young American consumers' prior negative experience of online disclosure positively predicts their intent to (a) refuse information provision; (b) falsify personal information; (c) request the removal of personal information; (d) spread negative eWOM; (e) complain to online companies; and (f) report to the authorities.

H5: Young American consumers' prior negative experience of online disclosure reduces their time spent on SNS.

Online Privacy Concerns, Trust and Risk

In this study, trust refers to the degree to which Internet users believe online companies, marketers, and laws are dependable in protecting consumers' personal information (Malhotra et al. 2004). In addition, Internet users reasonably expect that online companies and marketers will abide by privacy laws and use their disclosed personal information only for the approved purpose(s). From a social contract perspective, when parties are involved in a contractual relationship, one party must assume that the other will act responsibly to fulfill its promises (Okazaki et al. 2009).

Some research shows that addressing consumers' online privacy concerns helps build their trust of online companies (e.g., Rifon et al. 2005). However, Metzger (2004) found that Internet users' privacy concerns negatively influenced their trust in websites. Similarly, other studies have revealed that consumers' information privacy concerns negatively affected their trust in online companies' commitment to protect their personal information (e.g., Malhotra et al. 2004) and their trust in mobile advertisers' proper handling of their personal information (Okazaki et al. 2009). Hence, it is posited that

H6: Young American consumers' online privacy concerns negatively affect their trust in online companies, marketers and laws to protect online privacy.

Perceived risk is conceptualized as the extent to which Internet users are uncertain about the negative consequences of providing personal information to online companies and marketers (Okazaki et al. 2009; Pavlou 2003). Because of the impersonal and distant nature of e-commerce and Internet marketing, Internet users feel at the risk that online companies will behave in an opportunistic manner by mishandling their personal information. In addition, considering various security threats to online companies' databases, Internet users are also uncertain whether their personal information will be leaked, breached, or stolen by hackers (Pavlou 2003). Several studies have provided empirical evidence that consumers' perceived risk will be exacerbated by their elevated information privacy concerns (e.g., Malhotra et al. 2004; Okazaki et al. 2009). It is therefore reasonable to expect that

H7: Young American consumers' online privacy concerns positively increase their perceived risk in disclosing personal information online.

Previous studies also suggest that trust can mitigate consumers' perceived risk of disclosing personal information to direct marketers and conducting online transactions and thus reduce the uncertainty of participating in e-commerce and interactive marketing activities (Jarvenpaa et al. 1999; Malhotra et al. 2004; McKnight et al. 2002; Okazaki et al. 2009; Pavlou 2003). So, the following research hypothesis is proposed:

H8: Young American consumers' increased trust in online companies, marketers and laws decreases their perceive risk of disclosing personal information online.

Online Privacy Concerns, Trust, Risk and Privacy Protection

Consumer studies have found consistently a positive relationship between the level of privacy concerns and protection behaviors. Sheehan and Hoy (1999) revealed that when online consumers' privacy concerns were heightened, they were more likely to provide incomplete information to online companies, to

notify Internet Service Providers (ISPs) about unsolicited e-mail, to request name removal from lists, to send flames, and to abstain from using some websites. Similarly, Milne et al. (2004) identified level of privacy concerns as a strong predictor of online privacy protection behaviors including refusing to provide information, supplying false or fictitious information, asking for the removal of personal information, and refraining from using a website. Further studies have confirmed that consumers' online privacy concerns influenced their behavioral responses such as falsifying information, refusing information disclosure or transactions, or removing personal information from lists (Lwin et al. 2007; Wirtz et al. 2007). Similar behavioral patterns were discovered among teenagers (e.g., Moscardelli and Divine 2007; Youn 2005; 2009).

Thus, it is proposed that:

H9: Young American consumers' online privacy concerns positively predict their intent to (a) refuse information provision; (b) falsify personal information; (c) request the removal of personal information; (d) spread negative eWOM; (e) complain to online companies; and (f) report to the authorities.

The current literature suggests that trust can be built to reduce consumers' risk perceptions and encourage their use of e-commerce and Internet marketing (e.g., Cases 2002; Comegys et al. 2009; Miyazaki and Fernandez 2001; Pavlou 2003). Trust will be gained if online companies and Internet markers act responsibly and comply with the FTC self-regulatory rules. In turn, consumers will be more likely to trade their personal information for the communication benefits of SNS. Previous studies show that consumers' trust of online companies and marketers is positively associated with their behavioral intent to disclose personal information online (Joinson et al. 2010; Malhotra et al. 2004; Metzger 2004; Rifon et al. 2005). Correspondingly, trusting consumers will be less likely to adopt online privacy protection measures.

So, the present study posits that

H10: Young American consumers' trust in online companies, marketers and laws to protect online privacy negatively predicts their intent to (a) refuse information provision; (b) falsify personal information; (c) request the removal of personal information; (d) spread negative eWOM; (e) complain to online companies; and (f) report to the authorities.

Past studies indicate that perceived risk inhibits Internet users from engaging in online transactions and marketing activities (e.g., Cases 2002; Comegys et al. 2009; Miyazaki and Fernandez 2001; Pavlou 2003). Similarly, when consumers are concerned about the mishandling of their online personal information, they will be deterred from disclosing personal information on SNS. Marketing researchers found that perceived risk negatively affected Internet users' willingness to disclose valuable personal information to online companies and marketers (e.g., LaRose and Rifon, 2007; Malhotra et al., 2004; Myerscough et al., 2006; Norberg et al., 2007; Olivero and Lunt, 2004).

Consequently, Internet users will be more likely to engage in privacy protection behaviors to mitigate their risk perceptions. Rogers (1975) argues that the likelihood and severity of perceived risk motivate one's self-protection behavior. Recent studies have confirmed that perceived risk of online disclosure lead to consumers' adoption of privacy protection behaviors such as the use of anti-virus technologies, fabricating or withholding personal information, and abstaining from some websites (e.g., Lee et al. 2008; Youn 2005; 2009). Accordingly, this study proposes that

H11: Young American consumers' perceived risk of online disclosure positively predicts their intent to (a) refuse information provision; (b) falsify personal information; (c) request the removal of personal information; (d) spread negative eWOM; (e) complain to online companies; and (f) report to the authorities.

Social Media Use and Privacy Protection

Heavy SNS users are more inclined to share personal information with friends, relatives, colleagues and acquaintances in social media to strengthen their social relationships. The growing literature on social media use contains a quite consistent finding that SNS are used to maintain offline relationships with friends, relatives, colleagues, and other acquaintances (Bolar 2009; Boyd and Ellison 2007; Chu and Choi 2010; Ray 2007). Heavy Internet and SNS users commonly have more offline social ties (Marshall et al. 2009; Zhao 2006).

In addition, frequent SNS visitors tend to have more trust in SNS as they believe that online companies and marketers have honored the implied social contract to protect their personal information. Accordingly, they feel more comfortable to disclose their personal information on SNS. Indeed, studies show that SNS users hold favorable attitudes toward SNS and have higher trust in SNS than non-users (Fogel and Nehmad 2009; Paek et al. 2011). It is reasonable to expect that the more time young American consumers spend on SNS, the less likely they will take action to protect online privacy. Hence, the following research hypothesis is proposed:

H12: Young American consumers' SNS use will negatively affect their online privacy protection intent to (a) refuse information provision; (b) falsify personal information; (c) request the removal of personal information; (d) spread negative eWOM; (e) complain to online companies; and (f) report to the authorities.

METHOD

An email containing a cover letter and a link to a web survey on SurveyMonkey.com was sent to 2,500 randomly selected college students at a mid-sized public university in the southeastern United States in October, 2010. A college student sample is appropriate as well-educated young adults are more likely to use the Internet and social media (Lenhart et al. 2010; Rainie et al. 2003).

To boost the response rate, an incentive was conspicuously announced in the subject title of the email that one respondent would be randomly selected to receive a \$100 online gift certificate and two respondents would receive a \$50 certificate, both from Amazon.com. Cash and non-cash incentives can significantly increase the response rates of both mail surveys and Web-based surveys (Cobanoglu and Cobanoglu 2003; Dillman 2007).

The online survey consisted of a question about their use of SNS, a 4-item scale of Internet users' prior negative experience (Cho and Cheon 2004); Smith et al.'s (1996) 15-item scale of concerns for information privacy (CFIP); Merisavo et al.'s (2007) 3-item scale of Internet users' trust of online companies, marketers and laws; Malhotra et al.'s (2004) 5-item scale of perceived risk of online disclosure, six measures for behavioral intent to protect one's online privacy (Son and Kim 2008); and demographic questions. All measures are 5-point Likert scales except social media use measured at ratio level and demographic questions (see Appendix I). It took 10 days and three e-mailings to collect 403 completed usable questionnaires with no missing data.

With SPSS-19 and AMOS-19, the survey data set was analyzed using confirmatory factor

analysis, principal axis factoring analysis, and structural equation modeling.

RESULTS

Four hundred three college students voluntarily participated in the web survey. The response rate was 16.1%. One hundred twenty-six respondents (31.3%) were male and 277 female (68.7%). The mean age of the sample was 21 (SD = 3.5), and respondents' ages ranged from 17-35. As for the typical daily use of SNS, respondents spent an average of 125.7 minutes on SNS (SD = 109.3, median = 120 minutes, mode = 60 minutes).

Table 1 presents Cronbach coefficients (α) of all adapted scales and the results of exploratory factor analyses (principle axis factoring with varimax rotation). A liberal minimum requirement for scale reliability is 0.60 (Churchill 1979; Peter 1979), while some scholars recommended a stricter minimum requirement of 0.70 (e.g., Nunnally and Bernstein 1994). Therefore, the performance of each of the four scales can be considered quite satisfactory. In addition, their extracted variances exceeded the 0.50 recommended level (Fornell and Larcker 1981).

TABLE 1

Scale Reliability and EFA Results

Construct	Mean	Cronbach α	Variance explained
Prior negative experience	3.05	.790	50.2%
CFIP	4.18	.889	60.6%
Perceived Trust	2.82	.744	52.8%
Perceived risk	3.56	.845	55.8%

Note. CFIP = Concern for Information Privacy. Variance Explained = Extraction sums of squared loadings of principal axis factoring. N = 403.

A confirmatory factor analysis also demonstrated that the CFIP measurement model performed very well on five important fitness indexes: $\chi^2 = 260.45$, $df = 87$, $p < .01$; Normed $\chi^2 = 2.99$; RMSEA = 0.070; TLI = 0.938; CFI = 0.948. They met four conventional standards very closely: the normed chi-square (the model chi-square divided by the degrees of freedom) in the 2:1 or 3:1 range (Carmines and McIver 1981), the

Root Mean Square Error of Approximation (RMSEA) $\leq .06$, Tucker-Lewis Index (TLI) $\geq .95$, and Comparative Fit Index (CFI) $\geq .90$ (Hu and Bentler 1999; Schumacker and Lomax 2004). Therefore, the CFIP model is considered a very parsimonious and satisfactory measure of young American Internet users' online privacy concerns, and is included in further analyses.

TABLE 2

Fit Indices for Six Research Models

Model	$\chi^2(\text{df})$	Normed χ^2	RMSEA	TLI(NNFI)	CFI
Research Model1	729.21 (355)*	2.05	0.051	0.924	0.934
Research Model2	743.34 (355)*	2.09	0.052	0.921	0.931
Research Model3	747.77 (355)*	2.11	0.052	0.921	0.931
Research Model4	734.20 (355)*	2.07	0.052	0.924	0.933
Research Model5	726.08 (355)*	2.05	0.051	0.925	0.934
Research Model6	720.10 (355)*	2.03	0.051	0.926	0.935

Note. RMSEA: root mean square error of approximation, GFI: goodness of fit index, TLI: the Tucker-Lewis index or NNFI: non-normed fit index, CFI: comparative fit index. * $p < .01$. $N = 403$.

The maximum likelihood method of structural equation modeling was adopted to fit the research model of Figure 1 to the survey data and test the hypotheses. Figures 2, 3, 4, 5, 6, and 7 present six tested structural models with standardized path estimates and critical ratios while Table 2 displays the model testing results.

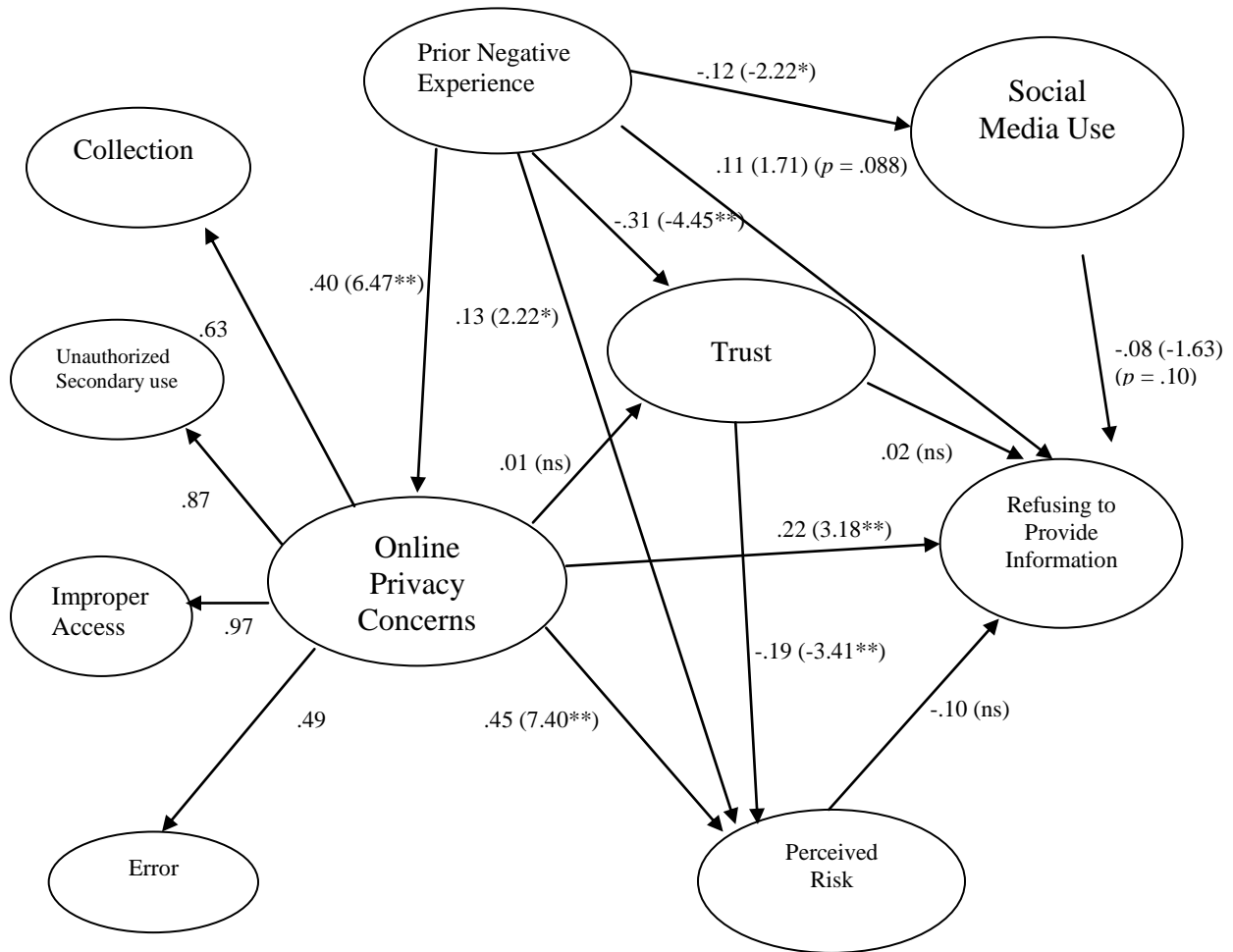
Six research models achieved satisfactory fit for young American consumers' behavioral intent to protect their online privacy. Six normed chi-square values were below 3:1 (Carmines and McIver 1981), six RMSEA values were smaller than the recommended cutoff value of .06 (Hu and Bentler 1999), and all comparative fit indices exceeded the conventional standard of .90 (Schumacker and Lomax 2004). Six Tucker-Lewis indexes were slightly below .95 probably because it penalized the complexity of the tested model. In addition, Marsh, Hau and Wen (2004) argue that the cutoff value of .95 for the TLI is probably too stringent for hypothesis testing. Therefore, the fitness of six models was deemed satisfactory.

The path estimates shown in Figures 2, 3, 4, 5, 6 and 7 supported Hypothesis 1. Young American consumers' prior negative experience of online disclosure strongly increased their online information privacy concerns. Similarly, H2 and H3 were confirmed. Students' bad past experience of online disclosure significantly heightened their risk perceptions of revealing personal information online while greatly undermined their trust in online companies, Internet marketers and laws to protect online privacy.

However, while H4b was strongly supported and H4a was marginally supported, H4c, H4d, H4e, and H4f were not supported. Young American consumers' prior negative experience positively predicted their intent to falsify personal information and refuse to provide personal information to some extent but did not directly influence their intent to request personal information removal, spread negative eWOM, complain to online companies, and report to the authority. On the other hand, H5 received sufficient empirical support. Unpleasant prior experience of online disclosure has a negative impact on their time spent on SNS.

FIGURE 2

Structural Equation Model 1 with Standardized Path Estimates



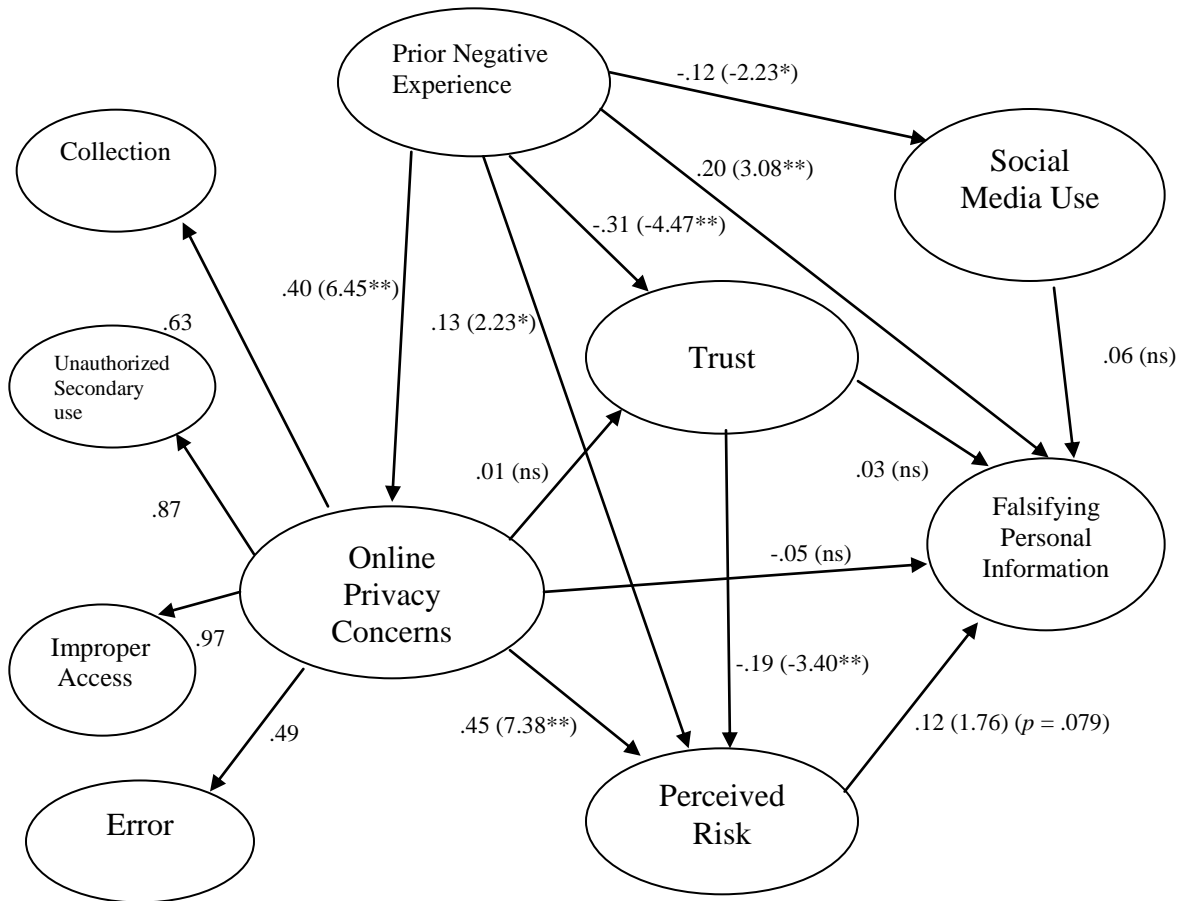
Note. Significance of the path estimates are shown in parentheses (critical ratio). $*p < .05$,

$**p < .01$, ns = not significant. Model fit: $\chi^2 = 729.21$, $df = 355$, $p < .01$; RMSEA = 0.051;

TLI = 0.924; CFI = 0.934. N = 403.

FIGURE 3

Structural Equation Model 2 with Standardized Path Estimates

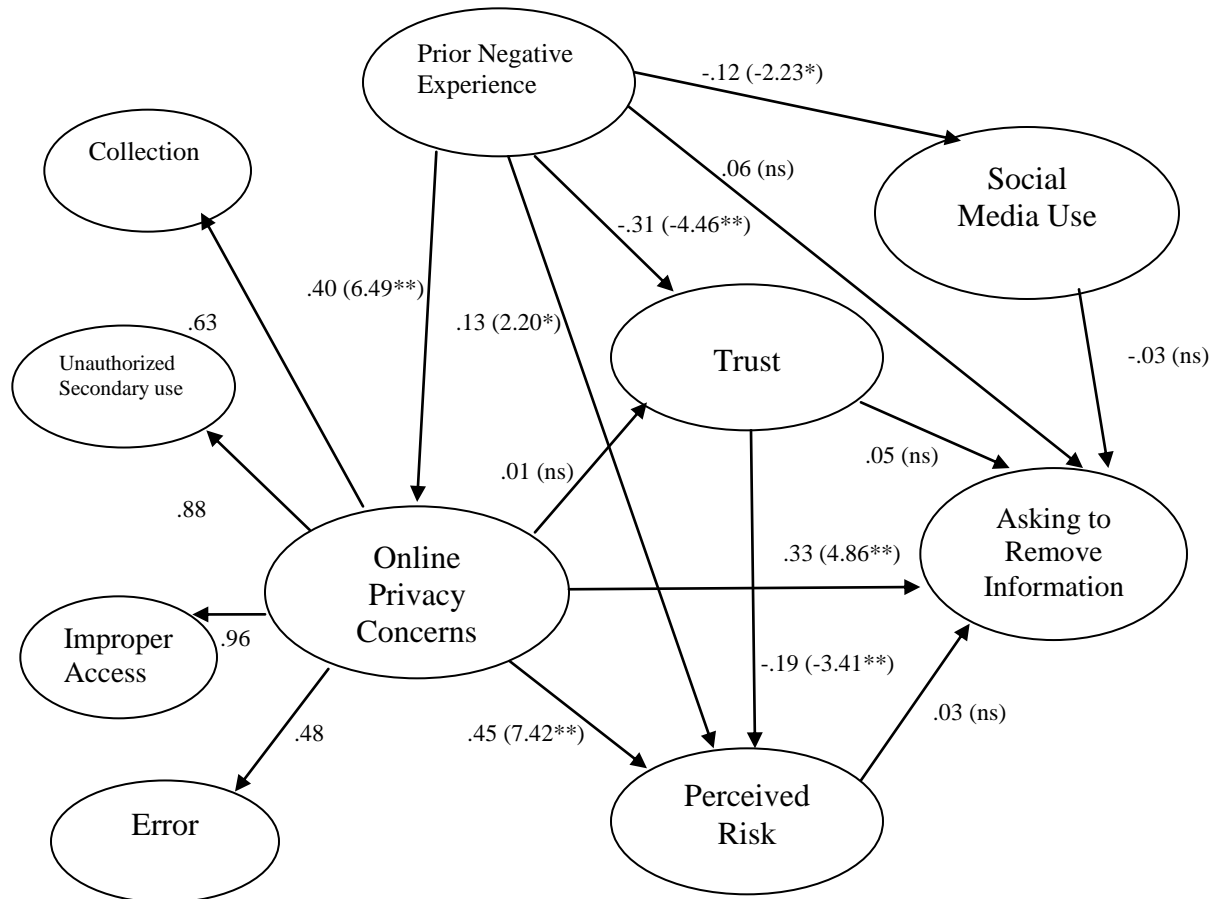


Note. Significance of the path estimates are shown in parentheses (critical ratio). * $p < .05$,

** $p < .01$, ns = not significant. Model fit: $\chi^2 = 743.34$, $df = 355$, $p < .01$; RMSEA = 0.052; TLI = 0.921; CFI = 0.931. N = 403.

FIGURE 4

Structural Equation Model 3 with Standardized Path Estimates

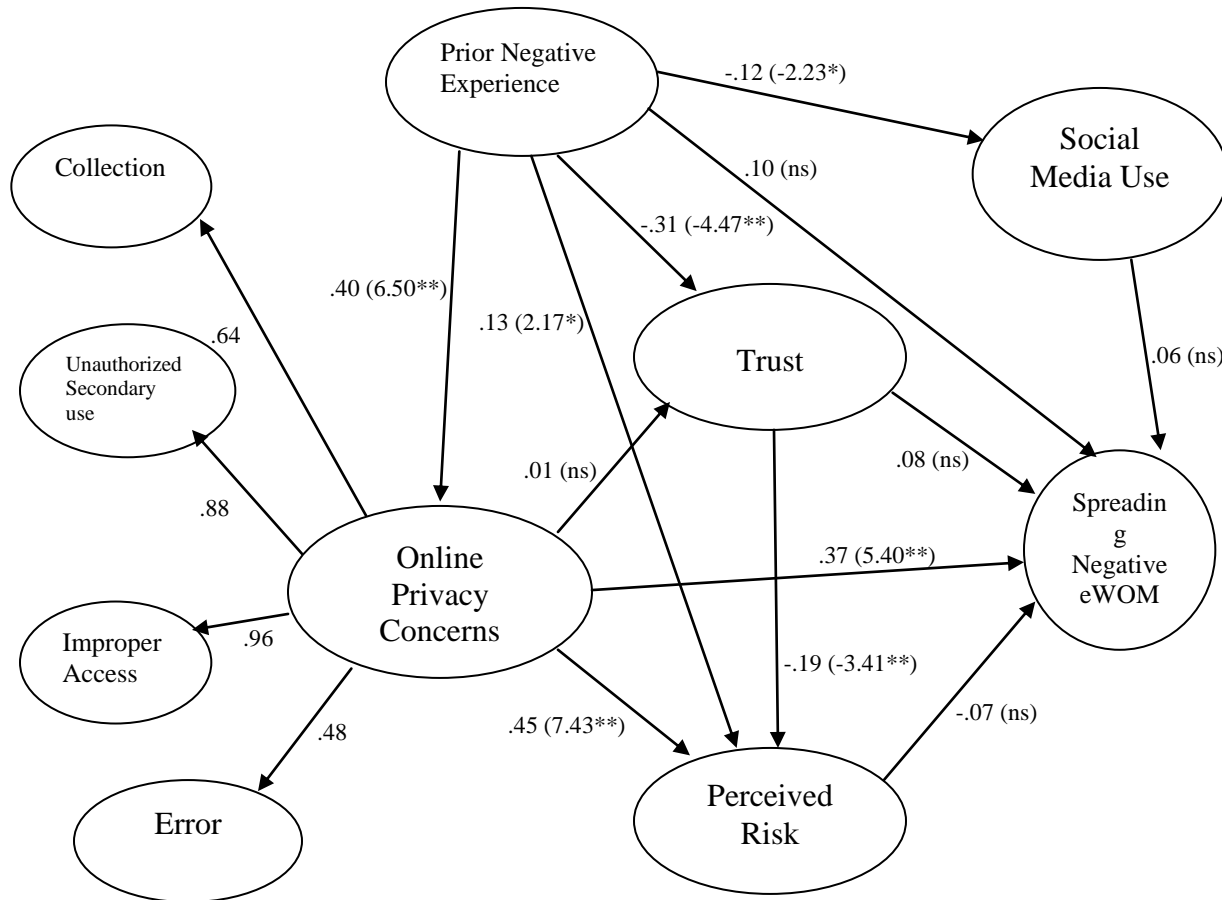


Note. Significance of the path estimates are shown in parentheses (critical ratio). * $p < .05$,

** $p < .01$, ns = not significant. Model fit: $\chi^2 = 747.77$, $df = 355$, $p < .01$; RMSEA = 0.052; TLI = 0.921; CFI = 0.931. N = 403.

FIGURE 5

Structural Equation Model 4 with Standardized Path Estimates

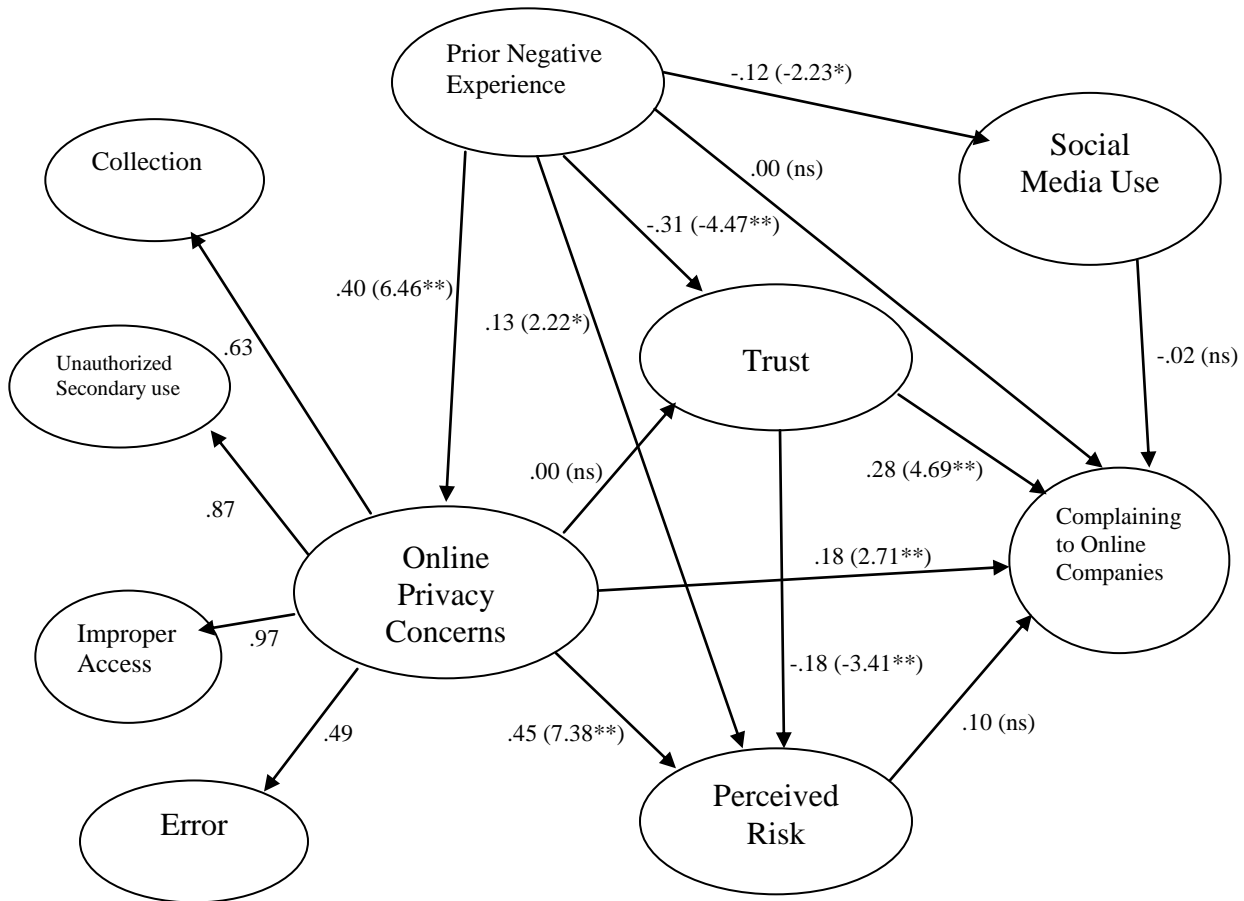


Note. Significance of the path estimates are shown in parentheses (critical ratio). * $p < .05$,

** $p < .01$, ns = not significant. Model fit: $\chi^2 = 734.20$, $df = 355$, $p < .01$; RMSEA = 0.052; TLI = 0.924; CFI = 0.933. N = 403.

FIGURE 6

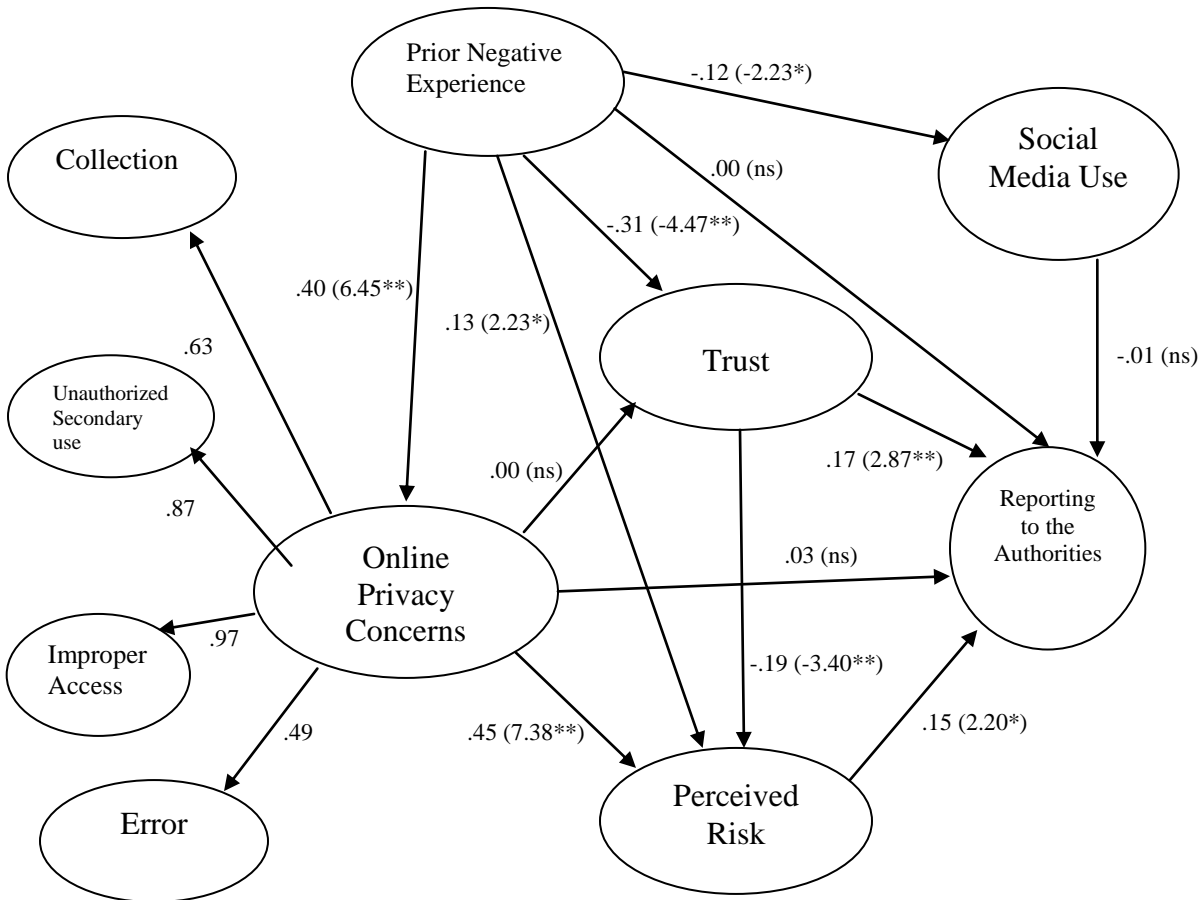
Structural Equation Model 5 with Standardized Path Estimates



Note. Significance of the path estimates are shown in parentheses (critical ratio). * $p < .05$, ** $p < .01$, ns = not significant. Model fit: $\chi^2 = 726.08$, $df = 355$, $p < .01$; RMSEA = 0.051; TLI = 0.925; CFI = 0.934. N = 403.

FIGURE 7

Structural Equation Model 6 with Standardized Path Estimates



Note. Significance of the path estimates are shown in parentheses (critical ratio). * $p < .05$,

** $p < .01$, ns = not significant. Model fit: $\chi^2 = 720.10$, $df = 355$, $p < .01$; RMSEA = 0.051; TLI = 0.926; CFI = 0.935. N = 403.

Surprisingly, Hypothesis 6 was not supported by any of the six tested models. Young American consumers' online privacy concerns did not mediate the effect of their prior negative experience of online disclosure on their trust in online companies, marketers and laws to protect online privacy. At the same time, their online privacy concerns greatly elevated their perceived risk of online disclosure, serving as a partial

mediator of the effect of their prior negative experience of online disclosure on their perceived risk. Thus, Hypothesis 7 was strongly supported.

As shown in six significant, negative path estimates from trust to risk, young American consumers' trust in online companies, Internet marketers and laws to protect online privacy mitigated their perceived risk of online disclosure

considerably. Therefore, Hypothesis 8 was supported.

H9a, H9c, H9d, and H9e were supported but H9b and H9f were not confirmed. Young American consumers' online privacy concerns served as a good predictor of their online privacy protection intent to refuse information provision, request the removal of personal information, spread negative eWOM, and complain to online companies but had no direct effects on their intent to falsify personal information and report to the authority.

Unexpectedly, H10a, H10b, H10c, H10d, H10e, and H10f were not supported as young American consumers' trust in online companies, marketers and laws to protect online privacy did not negatively predict their intent to refuse information provision, falsify personal information, request the removal of personal information, and spread negative eWOM, but positively influenced their intent to complain to online companies and report to the authority.

As for H11f, it was supported while H11b arguably received marginal support. Young American consumers' perceived risk positively affected their intent to report to the authority and predicted their intent to falsify personal information online to some degree ($p = 0.079$). However, H11a, H11c, H11d, and H11e were not supported because perceived risk could not influence their intent to adopt other four privacy protection behaviors.

Finally, H12a received some marginal support but H12b, H12c, H12d, H12e, and H12f were all unsupported. Young American consumers' SNS use weakened their intent to refuse to provide personal information online to some extent. However, their SNS use did not negatively affect their intent to falsify personal information online, request the removal of personal information, spread negative eWOM, complain to online companies, and report to the authorities.

DISCUSSION AND IMPLICATIONS

Building upon previous published research and social contract theory, this study constructed and tested six research models of the impact of young American consumers' prior negative experience on their behavioral intent of online privacy protection through their online privacy concerns, trust, risk, and SNS use. Six

causal models have achieved satisfactory fit. As one of the first studies, this empirical research has revealed how young consumers' online privacy concerns, trust, risk, and SNS use mediate the effects of their prior negative experience on their intent to adopt six privacy protection behaviors. The underlying dynamics provide useful insights for interactive marketing practitioners, policy makers and researchers.

Results of the present study suggest that interactive marketing managers must handle consumers' online personal data responsibly and sincerely address consumers' online privacy concerns so as to ensure the effectiveness of precise and targeted marketing in social media. As suggested by previous researchers (Lwin et al. 2007; Milne et al. 2004; Okazaki et al. 2009; Wirtz et al. 2007), Internet users believe that they have reached an implied social contract with social media companies when they volunteer their personal information on SNS and their online information privacy concerns will be greatly increased as soon as they discover that their online data are mishandled and their online privacy invaded. In turn, their risk perceptions of online disclosure will be greatly elevated. Their heightened online information privacy concerns will directly or indirectly drive them to take online privacy protective measures such as refusing to provide personal information, falsifying personal information, asking online companies to remove personal information, spreading negative eWOM about wrongdoers, complaining to online companies, and reporting to authority. As a result, social media marketing campaigns will become more and more irrelevant and impotent as most promotional messages are fed to social media users based on assumed truthful personal information they have disclosed.

Most importantly, this study has revealed that young American consumers' prior negative experience in online information disclosure greatly increases their online information privacy concerns, considerably heightens their risk perceptions of online disclosure, significantly undermines their trust in online companies, Internet marketers and laws to protect online privacy, evidently reduces their time spent on SNS, and positively predicts their intent to falsify personal information and refuse to provide personal information. These findings are generally consistent with previous studies (e.g., Bansal et al. 2010; Debatin et al. 2009; Goles et al.

2009; Okazaki et al. 2009; Pavlou and Gefen 2005; Sheehan and Hoy 1999; Son and Kim 2008). Apparently, the breach of an implied social contract by mishandling online information will immediately trigger young American consumers to take six privacy protective measures directly or indirectly by increasing their online privacy concerns or risk perceptions and reduce their time spent on SNS accordingly. In addition, their trust will be damaged and risk unmitigated.

SNS owners, operators and online marketers should use caution and care when monetizing subscribers' profiles by targeting ads to them or supplying their data to third parties. Once these subscribers perceive the abuse or misuse of their online privacy, they will probably refrain from and even discontinue using SNS. Frequent visitors to SNS will be a more valuable target audience to Internet marketers because they are more likely to reveal more personal identifying or lifestyle information or to notice or even to like a social ad or sponsored story. In this sense, SNS owners and operators should take customer relationship management very seriously and adopt proactive measures such as constant monitoring and addressing consumers' complaints about invasion of privacy responsively. These worried and dissatisfied users will not only turn into infrequent visitors but also refuse to provide their personal information, falsify their online personal data, ask you to remove their personal information, spread negative eWOM about you, and even report to the BBB or FTC in the near future if their online information concerns and/or risk perceptions are very high.

The study confirms that the 15-item CFIP scale of Smith et al. (1996) is likely a very good scale to measure American SNS users' information privacy concerns. This finding is not surprising as the CFIP scale has been validated in previous studies (e.g., Milberg, Smith, and Burke 2000; Rose 2006; Stewart and Segars 2002). It suggests that American SNS users are quite worried about collection of personal information, unauthorized secondary use, improper access to the collected online data or security, and inaccuracy of online personal database.

The results also demonstrate that young American consumers' online privacy concerns can directly increase their perceived risk of online information disclosure and affect their intent to refuse information provision, to request the removal of personal information, to spread

negative eWOM and to complain to online companies. Their online privacy concerns fully and partially mediate the effects of their prior negative experience on their intent to take online privacy protection measures such as refusing to provide information online, asking for the removal of online data, spreading negative eWOM about perpetrators, and complaining to online companies.

Their online privacy concerns and trust mediate the effect of their prior negative experience of online disclosure on their intent to complain to online companies directly. Their trust and risk mediate the effect of their prior negative experience on their intent to report to the authority. Their online privacy concerns and trust partially mediate the effect of their prior negative experience on their perceived risk of online disclosure. The effect of their prior negative experience on their trust is not mediated by their online privacy concerns while trust can considerably alleviate perceived risk. Generally, these findings have validated previous studies of online privacy concerns, trust and risk (e.g., Jarvenpaa et al. 1999; McKnight et al. 2002; Malhotra et al. 2004; Pavlou 2003; Okazaki et al. 2009). They are also consistent with past research on online privacy concerns and self protection behaviors (e.g., Lwin et al. 2007; Milne et al. 2004; Moscardelli and Divine 2007; Sheehan and Hoy 1999; Wirtz et al. 2007; Youn 2009).

These findings have important implications for social media marketing. Both the industry and academia should be clearly aware that current young social media users are still very much concerned about their online privacy. If no proactive measure is adopted to address their online privacy concerns, they will be more likely to engage in online privacy protection behaviors such as refusing to provide personal information, requesting the removal of personal information, spreading negative eWOM and complaining to online companies. Online companies and marketers should improve their communication strategies to increase Internet users' awareness of their online information privacy policies and to minimize their online privacy concerns. Both advertising and public relations techniques should be utilized to build a trustworthy reputation in terms of online information privacy to minimize negative media coverage on SNS privacy issues. A responsive and proactive customer relationship management (CRM) team should be employed to

deal with any online privacy issues or controversies in a timely manner.

Unexpectedly, the study has found that Internet users' trust will positively influence their intent to complain to online companies and report to the authority. These findings hold a warning for online companies and marketers. Considering young American consumers' low initial trust (mean = 2.82 on a scale of 5), they should make extra efforts to gain it by taking some effective measures to address their high online privacy concerns, such as the open disclosure of one's online privacy policy (Miyazaki 2008) or seeking a privacy seal from BBBOnline or TRUSTe (Rifon et al. 2005). Otherwise, those SNS users with low initial trust could easily transform into bitter customers and citizens who will complain to one's customer service, and report privacy abuses and misuses to elected officials and consumer organizations.

Consumer advocacy groups and government agencies should be concerned that young American consumers' heightened risk does not motivate them to adopt five online privacy protection behaviors but online companies and Internet marketers should respect young American consumers' complaints to an elected official or consumer organization as their online privacy concerns and perceived risk are both severe when they choose to report privacy abuses to the authority. The results imply that, currently, young American consumers' perceived risk of online disclosure is not high enough to drive them to refuse to give personal information to online companies, to ask for personal information removal, to spread negative eWOM, and to complain to online companies directly but might drive some Internet users to falsify personal information online ($p = .079$). Indeed, respondents exhibited a moderate level of risk in disclosing personal information online. Therefore, it is still necessary to educate young Internet users about the risks of online over-disclosure and effective measures to protect their own online privacy.

On the other hand, the findings bode well for social media companies and Internet marketers. Young American consumers' perceived risk of online disclosure will probably stay so if social media companies and marketers conduct their business in good faith to honor the implied social contract. Until they have a

negative experience of online privacy invasion, young Internet users likely will continue to take advantage of many benefits provided by SNS. Actually, a majority of the sample (63.4%) has not yet experienced an incident of online privacy invasion.

In addition, this research reveals that young American consumers' SNS use does not mediate the effects of their prior negative experience on their intent to adopt six online privacy protection measures even though the more time they spend on SNS, the more reluctant they will be to refuse to provide personal information to online companies. The results suggest that social media companies and Internet marketers should invest in customer relationship management and keep providing all users satisfactory services. Social media marketers should keep in mind that heavy SNS users or frequent SNS visitors do not necessarily let their guards down even though some of them will feel more uninhibited to provide their personal information to online companies. As heavy users or frequent visitors are more likely to reveal personal information online, it makes sense to target promotions to them and to encourage them to spread positive eWOM about a product or service. It is also advisable for social media marketers to ask frequent SNS users directly whether social ads are relevant to them while monitoring the click-through or "like" rate of these social ads or promotions.

Caution should be used when we generalize these findings to the general population due to some limitations. External validity should be strengthened by future researchers (the survey data in this study were collected from a random sample of college students at a single mid-sized Southeastern public university). Also, even if no gender difference was identified in key variables, research findings are skewed slightly as the majority of participants (69%) were female.

Finally, future research should investigate other antecedents and consequences of SNS users' online privacy protection behaviors, including need for privacy, self-efficacy, subjective norm, behavioral control, perceived benefits of online disclosure, willingness to provide information online, and regulatory support. Future studies should also explore these topics in a cross-cultural and global context.

CONCLUSION

After successfully testing six research models of the effects of young American consumers' prior negative experience on their intent to adopt six privacy protection behaviors through their online privacy concerns, trust, risk, and SNS use: the present study shows that young American consumers' prior negative experience in online information disclosure directly increases their online information privacy concerns; heightens their risk perceptions of online disclosure; undermines their trust in online companies, Internet marketers and laws to protect online privacy; reduces their time spent on SNS; and enhances their intent to falsify personal information and/or refuse to provide personal information.

Young American consumers' online privacy concerns can also elevate their perceived risk of online information disclosure and strengthen their intent to refuse information provision, to request the removal of personal information, to spread negative eWOM and to complain to online companies. Their online privacy concerns about trust and risk work together to mediate the effects of their prior negative experience on their intent to take online privacy measures such as complaining to online companies and reporting to the author.

Young American Internet users are highly concerned about collection of personal information, unauthorized secondary use, improper access to the collected online data or security, and inaccuracy of online personal databases.

Their SNS use does not mediate the effects of their prior negative experience on their intent to adopt six online privacy protection measures but might predict some heavy users' willingness to provide more personal information online.

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APPENDIX I

The Primary Survey Questions

<p>Social Media Use</p>	<p>Two open ended questions</p> <ol style="list-style-type: none"> 1. How much time do you spend on social networking websites (e.g., Facebook, MySpace, LinkedIn, Classmates, etc) on a typical day? 2. How much time do you spend on blogging websites (e.g., Twitter, Wordpress, Blogger, etc) on a typical day?
<p>Prior negative experience*¹</p>	<ol style="list-style-type: none"> 1. I have seen my personal information misused by companies without my authorization. 2. I feel dissatisfied with my earlier choice to provide my personal information to Internet marketers. 3. My experience in responding to Internet advertising is very unsatisfactory. 4. In the past, my decision to provide my personal information to Internet marketers has not been a wise one.
<p>Concern for Information Privacy*²</p>	<p>Collection</p> <ol style="list-style-type: none"> 1. It usually bothers me when online companies ask me for personal information. 2. When online companies ask me for personal information, I sometimes think twice before providing it. 3. It bothers me to give personal information to so many online companies. 4. I'm concerned that online companies are collecting too much personal information about me. <p>Unauthorized secondary use</p> <ol style="list-style-type: none"> 1. Online companies should not use personal information for any purpose unless it has been authorized by the individuals who provided information. 2. When people give personal information to an online company for some reason, the online company should never use the information for any other reason. 3. Online companies should never sell the personal information in their computer databases to other companies. 4. Online companies should never share personal information with other companies unless it has been authorized by the individuals who provided the information. <p>Improper access</p> <ol style="list-style-type: none"> 1. Online companies should devote more time and effort to preventing unauthorized access to personal information. 2. Online companies' computer databases that contain personal information should be protected from unauthorized access—no matter how much it costs. 3. Online companies should take more steps to make sure that unauthorized people cannot access personal information in their computers.

	<p>Error</p> <ol style="list-style-type: none"> 1. Online companies should take more steps to make sure that the personal information in their files is accurate. 2. Online companies should have better procedures to correct errors in consumers' personal information. 3. Online companies should devote more time and effort to verifying the accuracy of the personal information in their databases. 4. All the personal information in online companies' computer databases should be double-checked for accuracy—no matter how much this costs.
Internet users' perceived risk* ³	<ol style="list-style-type: none"> 1. In general, it would be risky to give (the information) to online companies. 2. There would be high potential for loss associated with giving (the information) to online firms. 3. There would be too much uncertainty associated with giving (the information) to online firms. 4. Providing online firms with (the information) would involve many unexpected problems. 5. I would feel safe giving (the information) to online companies (reverse).
Trust in privacy and laws of Internet advertising* ⁴	<ol style="list-style-type: none"> 1. I believe that my Internet service provider uses my data only for a purpose that I have approved. 2. I believe that an Internet marketer would use my data only for a purpose that I have approved. 3. I believe that consumers' online data privacy is protected by laws.
Internet users' intents to protect online privacy ⁵	<ol style="list-style-type: none"> 1. How likely would you refuse to give information to online companies when you think it is too personal within the next six months? 2. How likely would you falsify some of your personal information when asked by online companies within the next six months? 3. How likely would you take actions to have your information removed from online companies' database when your personal information was not properly handled? 4. How likely would you speak to your friends and/or relatives about your bad experience with online companies' mishandling personal information when your personal information was not properly handled? 5. How likely would you write or call online companies to complain about the way they use personal information when your personal information was not properly handled? 6. How likely would you write or call an elected official or consumer organization to complain about the way online companies use personal information when your personal information was not properly handled?

*The response options ranged from 1, "strongly disagree" to 5, "strongly agree"

*¹Adapted from Cho & Cheon (2004). *² Adapted from Smith et al. (1996). *³Adapted from Malhotra, Kim, and Agarwal (2004). *⁴Adapted from Merisavo et al. (2007). *⁵Adapted from Son and Kim (2008), anchored by 1, "very unlikely" to 5, "very likely."

PROJECT REMEMBRANCE: LOOKING OVER OUR SHOULDER

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ABSTRACT

This is part 2 of the paper published in 1992 which looked at the formation and development of the Satisfaction/Dissatisfaction and Complaining Behavior streams of research.

INTRODUCTION

Americans are wonderful people but who, as a people, have short memories and little sense of history. As a European friend once quipped, "The difference between Americans and Europeans is that Europeans think two hundred miles is a long way, and Americans think two hundred years is a long time." So we as Americans seldom accord much thought, much less importance, to the "passing of the torch" or what transpired to create a torch worth passing on.

Most people in the discipline will know that Dr. Ralph Day and Dr. H. Keith Hunt were key figures in the formation of the CS/D stream of research. Due to his declining health, Dr. Day could no longer produce research or participate in editing the conference proceedings or *JCS/D&CB*. In recognition and celebration of his critical contributions, this author suggested attempting to capture Dr. Day's memories of those precipitating events while we still could and Dr. Hunt, who was the managing editor of the *JCS/D&CB* at the time, readily agreed to publish the work. The outcome was "Roots: A Folk History of the Consumer Satisfaction Literature" which was published in the *JCS/D&CB* in Volume five, 1993. This current piece briefly will review the foundation of the discipline previously published; in large part this review is written because few people today seem to be aware of the foundations and in part to make what is uniquely contributed here more understandable to those who have not read the prior piece. This is much like a two part TV show starting with a review of the key scenes that transpired in part one by way of synopsis; but instead of a one week separation, we have 20 years!

During the early formative years of the field I was a welfare worker in Indianapolis and

years away from my MBA and more than a decade away from starting my doctorate; hence did not witness any of the events shared here. While much of the information used to create this piece came from Keith Hunt and, to a lesser degree, Ralph Day, a couple of people who generously responded to the journal's call for inclusions to Project Remembrance, notably Douglas Hausknecht. We thank them for sharing their first-hand accounts and insights.

CS/D&CB ROOTS

The Better Business Bureau (BBB) of the United States was founded in 1970 with the union of the National Better Business Bureaus (founded in 1912) and the Association of Better Business Bureaus (founded in 1921). The BBB was created to intercede on the part of consumers who felt dissatisfaction with a commercial transaction in hopes of getting some form of resolution for the customer. Funded as they are by businesses, this seems a rather strange goal; yet the BBB serves also to "weed" out those complaints without merit and mediate those with merit to an acceptable conclusion for the merchants and so serves the best interests of both business and consumers. But the focus of the BBB is more on resolution and collecting statistics rather than on developing theories or conducting research.

It would be natural to expect that the first systematic studies on consumer satisfaction would be centered on the U.S. population; but they were actually cross-cultural studies and among the earliest was one conducted by Hans Thorelli from Indiana University using comparative testing reports from the U.S., Norway, and Germany.

In 1972 John Miller produced what is thought to be the first dissertation in the field entitled, "Satisfaction and Modes of Response to Dissatisfaction for Supermarket Customer Segments," which was chaired by Dr. Thorelli. This work was critical in conceptualizing both satisfaction and dissatisfaction.

Maybe the first finding of dissatisfaction without complaint was uncovered by Jane Willits, a graduate student aiding Robert Herrmann and

Rex Warland in pre-testing a questionnaire for use in a large survey on the consumer movement. A couple of open-ended questions had been inserted as a transition between two sections: "Lately, have you gotten good and mad about the way you were treated as a consumer? And what did you do about it? Ms. Willits noticed that several consumers, although dissatisfied, had not complained or taken any other action despite their feelings.

But the few studies on CS/D that were done were fragmentary rather than a "stream" of research. Dissatisfaction and complaints were not looked upon with favor by the business world. The very existence of complaints implied management was not doing its job and fixes utilized resources leading to diminished profits. Complaints were not opportunities to be learned from, but uses of funds caused largely by a small cadre of "cranks". Andreasen and Best later concluded that the "incurable complainer" was a myth.

THE FTC CONNECTION

All of the above was highly unsystematic. There were no concerted academic, business or governmental efforts to forward understanding of CS/D. Then came along a most unlikely player: the Federal Trade Commission (FTC). In the wake of the Machiavellian maneuverings of Standard Oil of Indiana to put all its competition out of business so as to create a monopoly on fuel oil (used both for heat and light in the era before electricity) which would create, what at the time would be unimaginably high profits, the Congress passed the Sherman and Clayton Anti-Trust Acts and the Federal Trade Act of 1914, which created the FTC. The FTC was tasked with two broad mandates: to promote competition through its enforcement of the Sherman and Clayton Antitrust Acts, and to protect consumers. These became translated into the outlawing of unfair methods of competition and unfair or deceptive acts and practices including false or misleading advertising.

Dr. Hunt's dissertation focused on his first research interest: whether corrective advertising had the intended impact on consumers of correcting the unfair competitive advantages gleaned by advertisers' utilization of deceptive ads and whether counter advertising was effective. The reason a company would undertake deceptive advertising was to create profits at the expense of

competition. Corrective advertising was a remedy imposed by the FTC which was intended to inform the consumer of the falseness of the claims thereby restoring balance to the competitive arena. Counter advertising is advertising undertaken by the offending firm to lessen the impact of the corrective advertising required by the FTC in an attempt to thwart the intended effect of corrective advertising and keep the ill-gotten gains from deceptive advertising. As Dr. Hunt utilized published deceptive, corrective, and counter advertisements, this research was as close to "real world" as it could be made to be. Note this effort is squarely in the public policy and advertising domains. But one outcome was an invitation to present the research to the FTC which liked it enough to invite Dr. Hunt to join the FTC as a Visiting Professor for 1973-4.

During the 14 months of residence, Dr. Hunt had "Fun, Fun, Fun!!!" Dr. Hunt was the Marketing/communication telephone contact for those months and came to know lots of professors interested in the same things that interested him. That mutual interest and the resulting friendships continued for a lifetime.

A highlight was when Dr. Ralph Day showed up as a Summer Visiting Professor. Although Ralph and Keith knew each other before their visit together at the FTC, they were not well acquainted. As Keith told it, he had been a "nobody" for 6 years during the time he finished his dissertation and taught at the University of Iowa, and Ralph was one of the leading scholars in the marketing field, so their paths did not cross much. They became close friends at the FTC. They shared a smallish office on the Pennsylvania Avenue side of the building on the 6th floor. They put the backs of their desks together in the middle of the room, giving chair room to sit at their desks. "Though we were looking at each other all the time we spoke only when needed. Ralph was by nature a quiet guy, and I respected his quietness and I was in awe of him. The ice melted slowly, but surely, and we became best of friends, eventually running the CS/D&CB conferences as partners for several years."

Edward Heiden, then director of the Office of Policy Planning and Evaluation (OPPE) had a mandate to develop a rational budgeting system which could verify that the FTC's money was being spent in those areas of greatest need. The FTC had 2 primary sources of information: letters and calls that came into the FTC offices

and data from the BBBs. The problem was that there was no way to judge the representativeness of the BBB and FTC data. As Hunt tells it, to overcome this weakness, Heiden suggested to Hunt that a national survey be undertaken for about \$20,000. A serious research effort could not be undertaken for so little so Hunt turned his attention elsewhere. But when Dr. Day came to the FTC and was approached to do the same study, he also said the funding was impractically low; however he thought it an interesting idea and he agreed to spend some time on it. As Hunt phrased it, he wrote the study off because the money wasn't there to do the study, and Dr. Day took it on because it was an intrinsically interesting and important research question.

So Day, Hunt, Edward Heiden, and Laird Landon set off to create the study expected to need \$200,000 with only the \$20,000 available. It was thought that the remaining funding could be scraped together with contributions from several governmental agencies, but that was not to be.

The study was finally done in Canada through the office of Consumer and Corporate Affairs Canada for about \$270,000 through an Indiana University connection with Steve Ash, then a graduate student working on his dissertation. It is interesting to note the differences in the attitudes about consumer issues in Canada and the U.S. at the time. One plausible route to the Prime Minister's office in Canada was through the office of Consumer and Corporate Affairs. No such route existed in the U.S. government at that time through any consumer related office—and does not to this day. Nevertheless, the U.S. did eventually follow the Canadian study based on Day's framework with one a little differently constructed and conducted through Technical Assistance for Research Programs (TARP). While the American study had little impact on launching CS/D because it was so late in publication compared to the Canadian study, it did have an immense impact on subsequent research and thought over time.

LAUNCHING THE RESEARCH STREAM

Although many academics and others were talking about CS/D, little actual research was being conducted or published. With Keith's enthusiasm, savvy networking skills and an existing relationship with George Brasseur, a National Science Foundation (NFS) administrator

who had an on-going interest in CS/D, he sought and received a grant to bring together active researchers in CS/D. He and Day organized a workshop held April 11-13, 1976 at the O'Hare Inn, Chicago, IL. About 20 people attended. The purpose of the event was to create critical mass for CS/D and bring about a blossoming of research. In the end, it was determined that the workshop had not achieved its goal. To be even-handed in this evaluation, it must be said that so few attendees and the overall unformed state of CS/D acted to limit the outcomes; additionally it simply takes time to design, run, and write up research for publication. While the workshop format was not that successful, it was decided to try again using a conference format. The NSF was again asked, but decided not to fund a second effort. Dr. Day then approached the dean of the School of Business and Indiana University to underwrite the conference which was held and about 30 papers resulted. It cannot be known for certain, but it could be that the workshop acted to "prime the pump" such that when the conference was subsequently held, researchers were ready to participate. In any event, the field took off and has been very successful.

CONTINUITY OF LEADERSHIP

There were many people who researched and published in CS/D actively and they enriched the research stream substantially by their efforts. In addition to the obvious examples of Ralph and Keith there were John Swan, Richard Oliver, Marsha Richens, Robert Westbrook, Judy Zaichkowsky, Hans Thorelli, Rex Warland, William Darden and so many others: a virtual "Who is Who" for the marketing field.

But it was the continuity of leadership provided by Ralph Day and H. Keith Hunt through the years in publishing the conference proceedings and the *Journal of CS/D&CB* that provided the underpinning and security to the field. And the field prospered. To quote from the preface of the *Consumer Satisfaction, Dissatisfaction and Complaining Behavior Combined Proceedings of 1984 & 1985*, written by H.Keith Hunt and Ralph L. Day:

“It is with substantial satisfaction that many of us look at the continuing development of consumer satisfaction/dissatisfaction and complaining behavior as a research topic. It is now a general topic for publication in the leading journals. The research tradition is well grounded. While these CS/D&CB conference proceedings volumes still provide the dominant literature base for the topic, the last few years have seen the base expand to include so many publications that is now hard to keep track of all the articles on the topic. The 1984 bibliographical update attempts to “keep score” but the breadth is becoming too great for the task to be done with any hope of completeness. And this is just what some of us several years ago hoped would happen. It is hard to accept that perhaps the reasons for existence of the CS/D conference have been achieved. One of these days the series will end.”

To provide proper perspective, it is worth noting that Hunt edited or co-edited 11 proceedings on subjects from advertising to government relations, to interdisciplinary research to CS/D during the period from 1977-1985. He was also publisher, coeditor (with Ralph Day until about 1993) and then editor of the *JCS/D&CB* from 1988-2004. Hunt also co-authored nearly 50 papers during this period from 1977-2005. So the leadership provided by Hunt and Day was not just in editing but in researching and writing in the field as well.

CAMARADERIE AND SHARING: FORMATIVE KEYS

In responding to Project Remembrance, Douglas Hausknecht submitted this unique contribution. It is so well stated that reprinting it seems the most straight-forward avenue.

“One factor that should be included in the history of any emerging academic field is a description of how knowledge was shared.

CS/D evolved as the information age was exploding. One factor that Ralph and Keith brought to the field early on was a sense of camaraderie and reinforcement that persists to the present. The researchers enjoyed what we did and enjoyed sharing with one another. The conferences were by design intimate and engaging. All sessions were plenary, never were concurrent sessions held. Conference programs included time to socialize (the current buzzword is networking) and exchange ideas, but also get to know one another and learn a bit about each other’s world view. Knowing the background of the authors of research often helps to put designs and interpretations into a perspective that mere data and meta-analyses cannot hope to accomplish.

The conference-on-a-bus provided the opportunity to exchange ideas more than one would have expected. Having a “progressive conference” that year sort of enabled a “reset” at each location.

My summer travel schedules have caused me to miss the last several conferences. I miss the level of interaction and the richness that was added to the discipline by virtue of the exchanges.”

While I never experienced the “conference on a bus” concept, I too can speak to the sharing and camaraderie. My first conference was June, 1991 at Snow Bird in Utah as a not-quite newly minted doctorate (i.e., ABD and my final defense scheduled for the late July/early August timeframe). Keith was always unfailingly kind, but we were doing business together (CS/D bibliographic updates and capturing Day’s remembrances for an article) and, at the time, I thought that work was related my good treatment. (Doctoral students are SO paranoid!) I was delighted almost beyond words to interact with John Swann and Robert Woodruff at the conference, well-recognized scholars whose articles were featured in the doctoral courses just completed, but also Robert East, who became a

collaborator and friend, as well as many others. What most impressed me then and left me amazed for years was the fact that these luminaries spoke with me as though my thoughts mattered! They listened with care, shared their insights, critiqued with the lightest touch and encouraged always.

I later spoke with Keith about my amazement over the friendliness and welcoming ways of the participants. He told me that all the folks who attended the conferences were genuinely nice people. Although I agreed that this was a true statement despite the fact that my assessment was based on a convenience sample of attendees of one conference, I nevertheless asked him how that could be so. That is, how is it that only nice people attend? His answer was, "People who are not nice don't get their papers accepted a second time." The idea of screening out undesirables never occurred to me as a possibility at the time, but it is an idea in accord with the later published advice of Dr. Robert Sutton in *The No Asshole Rule: Building a Civilized Society and Surviving One that Isn't* (2007) which suggests that the best way to keep a healthy work environment is the rule: HIRE NO ASSHOLES. Our iteration of that rule would be, given Keith's gentle nature and ever-present good manners: ACCEPT ONLY NICE PEOPLE.

Dr. Hausknecht's observation on the affective impact of missing the conferences also rings true to me. When I failed to achieve tenure in the mid 1990's I joined my husband's business and together we were far more successful than we ever imagined. For a while we were almost rich! But that took years to develop.

In the meantime I was depressed when I would allow myself to stop and think about it. I had promised Keith another update of the bibliography and I had worked on it for many hours before leaving academia; but I just could not make myself finish it. I also could not overcome my embarrassment enough to attend the conference or even to respond appropriately to Keith when he would write. Finally he wrote asking if he should remove my name from the emailing list as it was clear that his missives only seemed to be adding to my pain; but that any time I was ready to return, he and the conference would be there for me. That is exactly what happened. After more than a decade of business success, I returned to the academy and within a year re-established my involvement. People still remembered me, welcomed me, commiserated

over my far from unique tenure battles and wounds, congratulated me on our business success, and encouraged me to write again.

I missed the people and the support over the years I was absent; but I needed success elsewhere to get back my confidence and equilibrium. Now I tell my colleagues at my current institution (none of whom have ever attended our conferences despite my urging) that people here are genuinely nice, helpful and fun. I use the positive affect generated at the conferences to push myself through the travails of an academy that has fallen on hard financial times. But always I find the money to follow the CS/D&CB conference where ever it goes.

SOME OF THE BYWAYS OF CS/D

Although much early effort went into conceptualization and measurement, CS/D has been "unruly" from the outset moving in sometimes unpredictable directions. A look through the tables of contents of some of the earlier conference proceedings illustrates this point very well. As expected we see sections on theory and models and measurement and design issues. We also had several papers looking at consumer characteristics (for example personality and demographics) in relation to CS/D (largely in complaining behavior) and papers on the strategic implications of CS/D. Studies looked at car repairs, purchases of major home appliances, food products, repairs under warranty, and super markets. Research settings have continued to expand over time into patient, elderly, students, gaming, clothing purchase, technology licensees, financial services, emergency services (like 911 calls), volunteerism, marital satisfaction, and overall life satisfaction. In fact there may be no segment of society or setting left untouched by CS/D research.

In order to get some kind of "handle" on all this research, early on Hunt undertook to produce regular bibliographies of the CS/D literature. These were manually produced on typewriters after being manually gathered from visual index searches. At a later time Perkins took over this effort at Hunt's urging and produced bibliographic updates during the transition from manual to computer searches which finally made the bibliographies obsolete due to technological advance. But the flourishing of the field was very evident just from the number of entries and search

terms utilized to produce the bibliographies. In the 1991 version, 1000 entries were added to the 700 that were in the prior edition. The 1993 edition contained another 1700 entries. So while not exponential, the rate of increase was substantial. The search terms had also expanded to include life, marital, service, product, students, educational, medical, dental, and citizen satisfaction/dissatisfaction and complaining among others.

One area of CS/D that did not develop as expected was the area of Complimenting Behavior. As Keith and Ralph both commented on several occasions, the focus in CS/D was so often on the negative. As they postulated, this focus may have arisen in large part due to the roots of the discipline in the FTC with its use of BBB and in-house complaint data forthcoming from failed customer interactions with business. As a counter to this negativistic focus, Hunt and Day decided to take a look at the positive. They even went so far as trying unsuccessfully to change the lettering to CS/D&CCB for complaining and complimenting behavior. The new acronym did not catch on.

Despite the fact that complimenting did not really “catch on” they nevertheless had lots of fun with the complimenting research. But complimenting did not carry the positive emotional loading similar to the negative emotional loading for complaining, grudgeholding, and retaliation. They even tried to assess the lost profit/sales due to dissatisfaction in one of the last articles in an attempt to demonstrate the costs of dissatisfaction which could be countered by the avoidance of it in the first place (see for example Otto, Parry, Payne, Huefner, Hunt, JCS/D&CB, 2004).

Hunt and co-authors also looked at the subtopics of grudgeholding and retaliation. As Hunt phrased it, if you are dissatisfied you may complain, or you may do some other action. Grudgeholding asked if persons had even been so dissatisfied that they stayed dissatisfied over many years. Retaliation asked if persons had been so dissatisfied that to bring personal equilibrium something had to be done in return to hurt the person or business that made you dissatisfied. Both topics were fun to study. Hunt and coauthors tried various approaches and forms of analysis.

Life satisfaction has taken on a new twist in the current century with its emphasis on

Work/Life Balance. The popular press is all but absorbed with Work/Life Balance tips, articles, etc. and the academic journals take the topic very seriously. Given the deep roots of life satisfaction in the CS/D literature and the timeliness of this topic, plus startling volume of work produced by Keith and sterling quality of his service in the academic world, it was natural to ask his take on the topic. Again to give some perspective, one need only review a partial list of Hunt’s accomplishments during the CS/D years given at the end of the prior heading.

Hunt says he was very fortunate to be teaching two courses during the two regular semesters and two courses during summer. Eventually he stopped teaching summer and was teaching just four courses a year. Two preps: consumer behavior and entrepreneurship twice a year, for 20+ years. And no graduate student theses or seminars. While others put man-months of effort into graduate theses, he was free from that and could spend his time rendering service to ACR and AAA and CS/D. So one key to a highly successful academic career is strictly limited teaching requirements including the smallest number of preps possible over the greatest time possible.

But to getting back to the Work/Life Balance issue, Keith says that for many years he was an advocate of the balanced life. Now he is totally against it.

“There isn’t time in life to keep everything in balance. A life in balance is a mediocre life. One has to decide what is worth doing and put great effort into that. And decide what is not as worth doing and do as little of that as possible, maybe even eliminating it from one’s life. I have been very fortunate to have a wife who is at least as bright as I am and who was capable not only of raising the family but of pitching in to help with ACR when needed. I pitched in to help with the family and she pitched in to help with [academic] work. Together it seemed to work out okay. In my closing years of teaching I made it a point to present to each class the fallacy of a balanced life. It is a crock. It is the excuse people make who are

mediocre at everything; taking solace in their balanced mediocrity. How's that for a statement! Decide what is most important and put almost all your effort into that facet of life."

So here is the second part; choose as a team to "divide and conquer" rather than to have both work at everything and achieving little and poorly.

THE CAP

When asked whether Keith left anything undone in CS/D that he wished he had addressed, he said that he had no regrets and that everything that had specific interest for him he had done. It was a fun topic with lots of people involved, but for him, it had run its course. One weakness of the CS/D streams of research is that it leaves too much unexplained. As Keith explicated it:

"In class I would give the example of my eating at the Student Union cafe, getting a hamburger, knowing it was going to be less than desirable, but I was there and it was not all that expensive, so I got it AND I WAS SATISFIED BECAUSE I GOT EXACTLY WHAT I EXPECTED TO GET. On the other hand, I went to a high end seafood restaurant with Carolyn. It was outstanding in every way but one. The main course was magnificent. The dessert was splendid. The service was outstanding. The atmosphere was excellent. All was superior, EXCEPT that the clam chowder didn't have as much clams and potatoes as usual. I did not get what I expected and thus was NOT satisfied. SO I was satisfied with a cheap hamburger and dissatisfied with one of the finest seafood meals I had ever eaten. That is not a robust research track. So Expectation, regardless of what some top scholars still maintain, is not an interesting track. Rich Olshavsky was saying that for a long time. So was John Miller. I eventually went off in other directions. I think Rich

Oliver's book pretty well put the expectations approach to bed, telling all that was worth telling on the topic and urging others on to better work.

So this is likely the "cap." To move on from here means to move away from expectations and on to a new idea. This becomes the challenge going forward. Where do we go from here?

In volume 6, 1993 Hunt posited some ideas for research in the 1990's. These ideas included, among others, the following thoughts:

1. **IT IS EMOTION, NOT COGNITION THAT DRIVES CS/D&CB.** We academics have become comfortable with our cognition driven disconfirmation paradigm, but it is worth little until we couple it with emotion. The evidence is now overwhelming that emotion is the critical element in CS/D&CB.

2. **ACTION TENDENCY.** We need to study all parts of the tripartite attitude theory and preferably at the same time. Look only at retaliation, grudgeholding, word-or-mouth, and repatronage and it is obvious that these are action terms rather than emotional or cognition terms.

3. **POSITIVE DISCONFIRMATION.** What would be wrong with looking at the positive? A shift to the positive would be good for both theory and practice.

4. **STORYTIME.** Some social science disciplines such as sociology and anthropology collect stories routinely; but not CS/D. We need to collect these and write them down.

5. **WHAT ABOUT THE "C" IN CS/D&CB?** At the very least we need to open up the CS/D&CB literature to business to business transactions.

While there has been some movement on these suggestions, there would seem to be much more needed. A long time contributor and reviewer for JCS/D&CB, Dr. Magnus Söderlund (Professor and Centre Director, Centre for

Consumer Marketing (CCM), Stockholm School of Economics, P.O. Box 6501, SE-113 83 Stockholm, Sweden), recently provided some additional food for thought in an email to this author. He states:

“Here are two themes I feel would need more research (and both, I believe, may broaden the nomological network of the effects of satisfaction and possibly make CS research more relevant for other sub-fields within the marketing realm):

First, existing CS research is very heavily focused on the effects of CS stemming from one particular object X on the customer's reaction to X (e.g., loyalty to X, word-of-mouth related to X). Yet it seems likely that the satisfaction created by X would have implications also for the customer's reaction to other objects. For example, given that CS is a positive state of mind, and given that a positive state of mind creates broader consideration sets and encourages variety seeking behavior and exploration behavior, and a more generous categorization of objects, it seems likely that CS may lead the customer to turn to competitors - quite counter-intuitive given the idea that CS leads to loyalty. This is indeed an under-researched issue, quite similar to the fact that one particular ad for X, which creates positive affect, could lead the customer to Y and Z (yet this is never examined in advertising effectiveness studies). For instance, the immediate implication of one customer's satisfaction with one store may be that the customer continues shopping in other stores - or the satisfaction stemming from one part of the store may lead the customer to other parts of the same store. In other words, perhaps it is time to expand the effect side of what satisfaction does to customers.

Second, much research has identified that emotions are contagious. Given

that some emotion theorists think that CS is an emotion, it seems likely that CS can be contagious, too. This, I think, implies several underexplored social effects of satisfaction. Maybe, for example, the reason why many studies suggest that the receiver of word-of-mouth is likely to act on the advice is that the sender's satisfaction has somehow been transferred to the receiver and affects the receiver's decisions? And in settings in which several customers are present and can see what each receives from a provider (e.g. in a restaurant and in an aircraft), maybe the satisfaction of one customer can affect the satisfaction of others.

Thus, the possibility of CS transferring to other customers is another aspect that may broaden the view of the effects of Consumer Satisfaction.”

Life cycles are common. It may be time now to revitalize and re-launch the CS/D&CB. Hopefully, some of the above ideas may help to show the way.

CONCLUSION

A folk history is not a comprehensive anything. Rather it is a look at the people and events that shaped the focal topic. It is a capturing of the stories for future readers.

Most the ideas above came from emails between Keith and this author over the course of a few weeks in May and June 2010. Much of what we discussed did not make it into this article. A work such as this commonly goes by “fits and starts”. Ideas dead end and topics serendipitously emerge.

Certainly H. Keith Hunt is to be thanked for his gracious open-handed giving of his time and efforts to this endeavor and to current Editor of JCS/D&CB Stephen Goodwin for accepting it on faith. It is to be hoped that both they and the reader will find value in the final product.