Customer loyalty in extended service settings

The interaction between satisfaction, value attainment and positive mood

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Abstract In research on customer loyalty in services, satisfaction has often been mentioned as an important determinant. However, empirical evidence concerning the relationship between loyalty and satisfaction has remained equivocal. This may be even more so for services that are delivered over an extended period of time in which consumers actively take part. We propose that for the extended service experience consumers are motivated by the realisation of values and that attainment of these values affects patronage decisions. Moreover, as the service delivery process is extensive we argue that consumer mood during the service delivery is another important factor that may have an impact on loyalty deliberations. Therefore, in this paper we examine the simultaneous effect of satisfaction, value attainment and positive mood in an extended service setting. The results reveal that the relationship between satisfaction and loyalty with respect to extended services is moderated by value attainment and positive mood. More specifically, the satisfaction-loyalty association is strongest when consumers perceive that the service does not help them in the attainment of instrumental values and when low positive moods are experienced. In contrast, the relationship between satisfaction and loyalty is weakest when the service helps consumers in attaining their values and when they experience a positive mood. This signifies that value attainment and positive mood do indeed play an additional role in explaining customer loyalty. An important implication is that value attainment and positive mood may function as a buffer for diminishing loyalty as a result of lower levels of service satisfaction.

Introduction

Customer loyalty in service industries has received considerable attention in both marketing and management theory and practice. As customer loyalty may act as a barrier to customer switching behaviour it has an impact on the development of a sustainable competitive edge, (Keaveney, 1995; Gremler and Brown, 1996). During past decades, customer satisfaction has frequently been advanced to account for customer loyalty (Newman and Werbel, 1973; Oliver and Linda, 1981; LaBarbera and Mazursky, 1983; Bearden and Teel, 1983; Bitner, 1990; Fornell, 1992; Anderson and Fornell, 1994; Dick and Basu, 1994; Oliver, 1996). Here, an implicit theme is that positive evaluations on the basis of expectancy disconfirmation of service providers will instigate customers to favour them with their patronage. However, the direct relationship between
customer evaluations of services and loyalty has remained somewhat equivocal. For instance, Bloemer and Kasper (1995) demonstrate that the satisfaction-loyalty relationship is not simple and straightforward as the level of elaboration on the part of the customer may act as a moderator between satisfaction and loyalty. Furthermore, Oliva et al. (1992) argue that the relationship between service satisfaction and loyalty is non-linear, meaning that in case satisfaction increases above a certain level, customer loyalty will increase rapidly. However, it is also shown that loyalty remains unaffected over a relatively large range of satisfaction levels that fall below that certain level. In this paper, we investigate how two factors may have a complementary impact on customer loyalty in relation to varying levels of customer satisfaction; (1) value attainment and (2) positive mood. Previous research in the context of work experience and turnover intentions (George, 1991; Judge, 1993; George and Jones, 1996) suggests that simultaneously considering value attainment, job satisfaction and moods results in a better understanding of the phenomenological experience of work and its consequences for employee loyalty towards the organisation. Based on the work of Heskett et al. (1994) who propose that job satisfaction and customer satisfaction are closely related, we attempt to test the model of George and Jones (1996) from a mirror image perspective, i.e. we focus on the role of value attainment and positive mood in relation to the customer satisfaction-loyalty link in the service profit chain.

Most research in services marketing has ignored the extent to which the service experience or service process contributes to the attainment of consumer values. One possible explanation may be that the focus has been dominated by functional contexts, such as hotel reservations and bank transactions (Price et al., 1995). Moreover, measurement of service quality has primarily been done from a static rather than a dynamic perspective, as a result of which service process elements have not been addressed widely (Boulding et al., 1993). This is, for instance, reflected in the dimensions of the SERVQUAL instrument, which has been designed to evaluate the quality of services from the consumer’s perspective. Some of the original ten dimensions (see Parasuraman et al., 1990) have to do with the service delivery by the provider (e.g. credibility, security), while others are more consumer-oriented (e.g. responsiveness, understanding). As Oliver (1996, p. 155) observes: “all have to do with delivering the service, none directly assesses what service delivery does for the consumer”. Particularly in services that involve a more phenomenological (i.e. Gestalt) experience with a sustained sensory and expressive content and ritualistic processes, such as art lessons, deep sea diving and artistic performance, consumers are motivated by the realisation of values and in turn these values help consumers to give meaning to the service experience and this will affect patronage decisions. In the marketing communications and consumer behaviour literature, the use of personal and social values has been heavily emphasised (Peter and Olson, 1996; East, 1997). However, in the literature on service evaluations this aspect is lacking. Therefore, in this paper we attempt to extend our knowledge about loyalty in services by including
value attainment as a factor that is not reflected in the expectancy disconfirmation paradigm. Value attainment, thus, reflects the extent to which consumers perceive the service experience to contribute to the achievement of instrumental goals.

A second factor that we propose to take into account when explaining customer loyalty in services is positive mood. By considering positive mood we focus on the affective context for consumer behaviour (Clark and Isen, 1982). This seems especially relevant for the extended service experience in which consumers spend considerable time in contact with the service provider and environment. As such, we view mood during the service experience as a factor that is independent from the affective elements in the satisfaction judgement, as mood in this sense is concerned with affective aspects that are experienced during the service delivery process instead of the emotional component that is directed towards the service offering itself (cf. George and Jones, 1996).

Following Oliver et al. (1992), we argue that in case of relatively high levels of satisfaction, satisfaction will be the most important determinant of customer loyalty. However, especially in the case of extended service encounters it may not always be possible to attain high levels of satisfaction, as multiple encounters take place. Extended service encounters have the following characteristics: (1) a temporal duration; (2) an affective or emotional content; and (3) the spatial proximity of service provider and customer (Price et al., 1995, p. 83). In these encounters, value attainment and positive mood may have an additional and even compensatory impact on customer loyalty intentions, as previous research has demonstrated (George and Jones, 1996). Therefore, we propose that the phenomenological experience of services as a “Gestalt” can be multifarious and that a simultaneous consideration of cognition, affect and values holds substantial promise for a better understanding of customer loyalty. This article is structured as follows. First, we will offer a brief synthesis of the extant literature on key conceptual and methodological issues concerning satisfaction, mood, and value attainment. We subsequently discuss the results of a study designed to provide empirical evidence on the triple interaction between aforementioned concepts in explaining service loyalty. We conclude with a discussion of a number of research and managerial implications of our results.

**Conceptualizing the multifarious service experience**

Satisfaction has been recognised as “the central element in the marketing concept” (Erevelles and Young, 1992, p. 104). In the abundant research literature both process and outcome (or performance) definitions of satisfaction co-exist. With regard to the former, several conceptualisations of satisfaction have been advanced in the literature (Oliver and DeSarbo, 1988; Tse and Wilton, 1988; Yi, 1990). The central theme in these definitions is the expectancy disconfirmation paradigm. According to this paradigm, consumers form expectations, which act as a standard against which service performance will be judged. A comparison of expectations and perceptions will result in either
confirmation or disconfirmation. Customers’ expectations are confirmed when product or service perceptions exactly meet expectations. Disconfirmation will be the result of a discrepancy between expectations and perceptions. Two types of disconfirmation can be identified: positive disconfirmation occurs when product performance exceeds prior expectations and negative disconfirmation occurs when expectations exceed performance. Confirmation and positive disconfirmation will be likely to result in satisfaction, whereas negative disconfirmation leads to dissatisfaction. Process definitions of satisfaction enable fast evaluations with respect to brief service interactions (e.g. buying a train ticket) as well as evaluations from service experiences that involve consumption periods of considerable duration (e.g. attending an evening class). As a result, satisfaction can be perceived in terms of a singular occurrence and as an aggregated impression of a number of events. According to Oliver (1996), this is a critical feature for service providers.

In addition, outcome definitions of satisfaction exist. Here, satisfaction is viewed as a state of fulfilment that is connected to reinforcement and arousal. As an end-state, several types of satisfaction have been discerned in the satisfaction-as-states framework developed by Oliver (1989). On the basis of level of reinforcement and degree of arousal the following end-states of satisfaction have been advanced: “satisfaction-as-contentment”, “satisfaction-as-pleasure”, “satisfaction-as-relief”, “satisfaction-as-novelty” and “satisfaction-as-surprise”. Satisfaction is thus perceived to be a post-consumption evaluation or “a pleasurable level of consumption-related fulfillment” (Oliver, 1996, p. 13). Particularly in a services context, the service delivery can be designed in such a way that it exceeds expectations in terms of arousal and reinforcement as end-states (Rust and Oliver, 1994). However, in the case of extended services it may be very difficult to reach optimal levels of satisfaction on a continual basis, because there may be many factors that influence satisfaction formation which are beyond the control of the service provider.

If we accept that consumers use certain services in order to reach fulfilment of a valued process of consumption, then values prompt consumers to seek out services that are value-fulfilling. Services in this sense can be viewed as enhancements, phenomena that add to the positive value of a consumer’s life (Oliver, 1996). Hence, consumer satisfaction may not be the only contributor to service loyalty. We propose that the attainment of consumer values should also be viewed as a determinant of service patronage. Values are an important element of motivational analysis (Pearce, 1993). They reflect the enduring conviction that a certain type of behaviour or state of existence are “personally or socially preferable to an opposite or converse mode of conduct or end-state of existence” (Rokeach, 1973, p. 5). Values change only gradually over time and may have a continual influence on the evaluation of behaviour and/or events as they draw attention to the product or service attributes which consumers perceive to have goal satisfying capabilities (Mazanec, 1984; Henry, 1986; Homer and Kahle, 1988). As such, they help consumers to give meaning to the service experience. Often a distinction is made between instrumental and
terminal values in consumer value systems. Instrumental values are conceptualised as a means of reaching a goal. Products and services may provide the benefits that help consumers realise their objectives. Terminal values reflect aspects of self-actualisation, the ultimate goals that consumers desire to reach in their lives. Services have often been related to instrumental values. For instance, credit card companies related their services to privileges for members, to independence, security and power. Therefore, in this paper, we conceptualise value attainment as the extent to which consumers perceive the service experience to contribute to the achievement of instrumental values. Examples of instrumental values are independence, ambition and self-control. Instrumental value attainment thus focuses on the extent to which a service experience helps consumers in realising preferred modes of conduct or ways of behaving.

In addition, affect has been identified as a third contributor to the service experience (Knowles et al., 1993). Affect is conceptually different from the outcome of a cognitive evaluation process. Affect does not only form a source of motivation but it has also a significant impact on consumer information processing and eventually consumer choice. Several taxonomies have been proposed to classify and describe the large number of subjective feelings consumers may have. Mano and Oliver (1993) suggest that affect can be described according to valence (e.g. happy vs sad) and intensity of arousal. Furthermore, the distinction between emotions and moods is often made. Emotions are notable and intense forms of affect attributable to a specific cause, while moods reflect mild generalised affective states that are induced by a variety of factors (Clark and Isen, 1982; Gardner, 1985; 1987; Gardner and Hill, 1988). Moods form an affective context for behaviour (Clark and Isen, 1982). Although moods cannot be controlled by service providers, they can be influenced by aspects of service provider behaviour, such as, for example, an employee’s smile, an ambient service environment (Cunningham, 1979; Hochchild, 1983). Moods reflect how consumers feel during their encounters with the service provider.

There is increasing evidence that mood can best be characterised in terms of two independent dimensions: positive and negative. According to Watson and Tellegen (1985) the positive dimension refers to the extent to which an individual affirms a zest for life. Clark and Isen (1982) suggest that people continuously strive for positive mood and avoid negative mood states. This implies that consumers would attempt to avoid service situations in which they experience a negative mood. Alternatively, if a consumer experiences positive affect, we would expect this encourages him/her to repeat the service experience and hence become loyal to the service provider.

**Satisfaction, value attainment, moods and consumer loyalty**

The connection between satisfaction and loyalty has been one of much debate in the literature. Oliva et al. (1992), for instance, propose that the relationship between service satisfaction and service loyalty is nonlinear, resulting from the
tendency to remain loyal in spite of the pressure of switching incentives. The authors present evidence that, in between critical satisfaction thresholds, loyalty is generally unaffected by varying degrees of satisfaction and dissatisfaction. The absence of unequivocal support for the relationship between satisfaction and loyalty leads us to incorporate the variables value attainment and mood as moderators of that relationship. We argue that the parallel consideration of satisfaction, value attainment and moods will yield a more in-depth and comprehensive understanding of the relationship between satisfaction and loyalty in services and more generally how the service experience may or may not lead to consumer switching behaviour.

Values have been related to satisfaction and loyalty in the literature. For example, Oliver (1996) suggests that values can be seen as predisposing conditions for desires and as such determinants of consumer expectations, which in turn form a comparison standard for satisfaction judgements. Oliver (1995) demonstrated that both disconfirmation of expectations and value fulfilment contribute independently to the formation of satisfaction. Furthermore, it has been demonstrated also that both positive and negative mood have a direct influence on consumer satisfaction (Oliver, 1993).

Although we recognise the potential impact of value attainment and mood on consumer satisfaction and this forms an interesting research aim in its own right, we propose to view value attainment and mood as independent contributors to customer loyalty and not as causally prior to satisfaction. We argue that mood during the service experience is distinguishable from the affective component of satisfaction in that mood is concerned with the affect during the service delivery process rather than affect about or towards the outcome of the service experience. We do not imply that mood and satisfaction during the service experience are completely independent. Rather, we propose that mood and satisfaction are conceptually distinct, non-overlapping constructs, following empirical evidence available from the field of organisational psychology (Abelson et al., 1982; George, 1989; George and Brief, 1992; George and Jones, 1996). Abelson et al. (1982) argue that mood at work is different from the affective component of job satisfaction in that the former is less cognitively filtered than the evaluative judgements about work. Likewise, we suggest that value attainment should also be viewed as a construct separate from consumer satisfaction. As Rokeach (1973, p. 158) argues “values are also significantly related to all kinds of behaviour”. Hence, our concern in this paper is with the simultaneous effects of satisfaction, value attainment and mood on customer loyalty. The reason is that there is some empirical evidence of an interaction effect between mood, value attainment and consumer evaluations of the service experience (Henry, 1986; Homer and Kahle, 1988; Knowles et al., 1993; Swinyard, 1993; Alford and Sherrell, 1996). In addition, previous research in the context of work experience and turnover intentions (George, 1991; Judge, 1993; George and Jones, 1996) suggests that simultaneously considering value attainment, job satisfaction and moods results in a better understanding of the phenomenological experience of work
Development of hypotheses

Our point of departure is the premise that the essence of the service experience can best be grasped by simultaneously reflecting on satisfaction, value attainment and mood in an attempt to account for customer loyalty intentions (i.e. consider the service provider the first choice for a particular service and/or the inclination to do more business with the service provider in the future). Such a perspective has not yet been taken in the services marketing literature.

In this section we will elaborate on the proposed interaction between the concepts. The basis for interpreting aforementioned interactions forms the specification of the conditions under which the positive relationship between satisfaction and loyalty will be either strongest or weakest. We suggest that the relationship between satisfaction with a service and loyalty intentions will be strongest when consumers do not think that the service helps them attain instrumental values in their life and when they do not experience a positive mood during the service delivery process.

In such a case, the contribution of satisfaction to service loyalty is relatively high and dominant as value attainment and mood will contribute to loyalty to a lesser extent. Alternatively, if the service does not help in the attainment of values and is not experienced as enjoyable, less satisfied customers will be more inclined to switch. The relationship between satisfaction and loyalty will be weakest when values are attained and customers experience high positive mood. Under this condition, it will be perceived that the service will help customers in reaching their desired values in an enjoyable manner. Satisfaction will be less important in loyalty deliberations, because loyalty will be based more on value attainment and positive mood. In contrast, customers that are less satisfied may still be loyal on the basis of value attainment and a positive mood.

In addition two other conditions are conceivable, namely a high level of value attainment and a low level of positive mood and vice versa. The question that remains, therefore, is whether value attainment has a relatively stronger impact on loyalty than positive mood or whether mood is more influential in consumer patronage decisions. Consumers that desire to be disloyal with extended, high involvement services will have to overcome considerable switching barriers (e.g. membership or tuition fees paid in advance, additional materials bought). Moreover, giving up patronage may seriously endanger the achievement of desired values. Given the relative importance of value attainment, it is more likely that this determinant of consumer loyalty will have a stronger impact on the satisfaction-loyalty relationship than mood. This leads to the following hypotheses (cf. George and Jones, 1996):

and its consequences for employee loyalty towards the organisation. This paper should be viewed as an attempt to replicate these findings from the work experience context for the service experience domain.
**Customer loyalty in extended service settings**

**H1:** The positive relationship between service satisfaction and service loyalty is strongest when the service experience does not help consumers to attain their instrumental values and a positive mood is not experienced during the service delivery process.

**H2:** The positive relationship between service satisfaction and service loyalty is next strongest when the service experience helps consumers to attain their instrumental values and a positive mood is not experienced during the service delivery process.

**H3:** The positive relationship between service satisfaction and service loyalty is next strongest when the service experience does not help consumers to attain their instrumental values and a positive mood is experienced during the service delivery process.

**H4:** The positive relationship between service satisfaction and service loyalty is weakest when the service experience helps consumers to attain their instrumental values and a positive mood is experienced during the service delivery process.

Figure 1 shows the conceptual framework of our study.

**Sample procedure**

Data for this study came from an in-depth investigation of satisfaction-loyalty linkages among a sample of participants of evening classes on, for instance, language, arts, history, bicycle repair, etc. of five different public institutes that have a wide range of evening classes in the province of Limburg in Belgium. Since the institutes offer a wide variety of educational services it is indeed relevant to strive for customer loyalty. Towards the end of the semester, questionnaires were handed out at the beginning of a class and the respondents at the end of class returned completed questionnaires. Respondents were guaranteed complete anonymity. In total 700 questionnaires were handed out from which 668 could be used for our analysis. Thirty-two could not be used because of too many missing data.
The respondents’ average age was between 31 and 40 years, and approximately 38 per cent of the respondents were men. The age and gender composition is representative for the overall population of participants of the evening classes, according to participant databases provided by the institutions.

**Measures**

*Satisfaction*

Satisfaction was measured with a five item 9-point Likert-scale. Sample items are “I am satisfied with this evening class” and “this evening class is in agreement with my expectations”. In the sample, the internal consistency of the measure was 0.92.

*Value attainment*

The extent to which the evening class followed by the respondents helped them to attain instrumental values was measured by an 18-item 9-points response-scale ranging from “to no extent” to “to a very large extent”. The items in the scale were the 18 instrumental values provided in the Rokeach Value Survey (Rokeach, 1973). Sample items included “independence”, “ambition” and “a sense of self-control”. Responses to the 18 items were summed for an overall measure of the extent to which the evening class helped respondents to attain these instrumental values. The internal consistency of the measure of value attainment was 0.93.

*Positive mood*

Positive mood was measured by the 10-item positive mood scale of the Positive and Negative Affect Schedule (Watson et al., 1988). Each item in the scale is a marker of a positive mood state. Sample items are interested, alert, attentive. Respondents indicated to what extent they experienced a certain mood during the evening class on a 9-point response scale ranging from “not at all” to “extremely”. Sample items are “enthusiastic”, “inspired”, “attentive”. Watson et al. (1988) provide evidence on the reliability and validity of this measure of positive mood. In the current study, the internal consistency of the measure of positive mood was 0.89.

*Loyalty*

Loyalty was measured with the five loyalty items of the behavioural-intentions battery of Zeithaml et al. (1996). Sample items include: “I plan to use this institute in the next years to come”, “I consider this institute my first choice for following evening classes”. The response format was again a 9-point scale ranging from “not at all likely” to “extremely likely”. In the current study the internal consistency reliability of the loyalty measure is 0.84.
Results
Table I contains means, standard deviations, correlations and internal consistency reliabilities for variables in the study.

The hypotheses stated that the relationship between satisfaction and loyalty would be jointly moderated by value attainment and positive mood, such that the relationship would be strongest for respondents who feel they do not attain their instrumental values and do not experience a positive mood by taking part in the evening classes. The relationship between satisfaction and loyalty will be weakest for those respondents that do have the feeling that they are able to attain their instrumental values and experience a positive mood. These hypotheses were tested by moderated regression analysis. At the first hierarchical step, satisfaction, positive mood and value attainment were entered into the equation; the three two-way cross-product terms were entered at the second step; and the three-way cross-product term was entered at the last step. A statistically significant increment in $R^2$ at step 3 indicates a significant three-way interaction effect. As indicated in Table II, Satisfaction $\times$ Positive Mood $\times$ Value Attainment triple interaction was statistically significant ($\Delta R^2$ (i.e. the difference between 0.56 and 0.57 = 0.012; $p < 0.0001$).

The nature of this interaction effect is depicted in Figure 2 in which four separate loyalty intentions on satisfaction unstandardized regression lines are plotted for four subgroups. The subgroups were formed by splitting the sample into four groups on the basis of mean levels of positive mood and value attainment.

<table>
<thead>
<tr>
<th>Variable</th>
<th>M</th>
<th>SD</th>
<th>Satisfaction</th>
<th>Value attainment</th>
<th>Positive mood</th>
<th>Loyalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction</td>
<td>7.27</td>
<td>1.52</td>
<td>(0.92)</td>
<td>0.14*</td>
<td>0.43**</td>
<td>0.67**</td>
</tr>
<tr>
<td>Value attainment</td>
<td>93.1</td>
<td>31.7</td>
<td>(0.93)</td>
<td>0.45**</td>
<td>0.31**</td>
<td></td>
</tr>
<tr>
<td>Positive mood</td>
<td>65.7</td>
<td>12.7</td>
<td>(0.89)**</td>
<td>0.56**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loyalty</td>
<td>35.0</td>
<td>7.4</td>
<td>(0.84)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes:
Reliability coefficients in parentheses
* = $p < 0.05$
** = $p < 0.01$

Table I.
Means, standard deviations and correlations

<table>
<thead>
<tr>
<th>Hierarchical step</th>
<th>Independent variable</th>
<th>$R^2$</th>
<th>sign. $\Delta R^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Satisfaction</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Positive mood</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Value attainment</td>
<td>0.55</td>
<td>0.00</td>
</tr>
<tr>
<td>2</td>
<td>Satisfaction $\times$ positive mood</td>
<td>0.55</td>
<td>0.38</td>
</tr>
<tr>
<td></td>
<td>Positive mood $\times$ value attainment</td>
<td>0.55</td>
<td>0.10</td>
</tr>
<tr>
<td></td>
<td>Satisfaction $\times$ value attainment</td>
<td>0.56</td>
<td>0.00</td>
</tr>
<tr>
<td>3</td>
<td>Satisfaction $\times$ positive mood $\times$ value attainment</td>
<td>0.57</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Table II.
Results of hierarchical regression analysis regressing loyalty on satisfaction, positive mood, value attainment and their interactions.
(i.e. on the basis of mean splits on these two variables) in the total sample. This yielded the following subgroup sizes: (1) high positive mood/high value attainment = 167; (2) high positive mood/low value attainment = 140; (3) low positive mood/low value attainment = 222; (4) low positive mood/high value attainment = 139.

As indicated in Figure 2 a clear positive relationship was observed between satisfaction and loyalty in the group values not attained and low positive mood (β = 3.7), whereas a less clear, but still positive relationship between satisfaction and loyalty could be found in the group values attained and high positive mood (β = 1.7). The highest loyalty intention was found for those respondents who are very satisfied, experienced a clear positive mood but did not attain their values.

This pattern of results is also illustrated by examining the subgroup beta-coefficients. The beta coefficients of satisfaction explaining loyalty in the four subgroups are as follows: values not attained and low positive mood, β = 0.74, n=121; values attained and low positive mood: β = 0.68, n = 94; values not attained and high positive mood: β = 0.64, n = 93 and values attained and high positive mood: β = 0.47, n = 176. The differences between two beta-coefficients in each of the six possible pairs are significant.
Discussion
Results of this study suggest that simultaneously considering how instrumental value attainment, positive mood and satisfaction interact to influence loyalty may yield a better understanding of the consequences of satisfaction for loyalty. The statistically significant three-way interaction indicates that considering the combined effects of value attainment, positive mood and satisfaction on loyalty may provide additional insight into how low levels of satisfaction might be attenuated by value attainment and positive mood as far as its effect on loyalty is concerned. Moreover, it adds insight into the additional effect of value attainment and positive mood on loyalty next to satisfaction.

In accordance with hypotheses 1 and 4, we found that the relationship between satisfaction and loyalty was strongest for the low positive mood, values not attained subgroup and weakest for the high positive mood, values attained subgroup. This means that when consumers experience a low positive mood and have the feeling that they do not attain their values in a service setting like taking part in an evening class, satisfaction plays a major role in deliberations on the subject of loyalty. Whereas consumers experience high positive mood and have the feeling that they do attain their values, satisfaction as such does not have that much of an impact on loyalty. With regard to hypotheses 2 and 3, we find that the relationship between satisfaction and loyalty is relatively stronger for the high value attainment, low positive mood subgroup of respondents. This means that we may also accept hypotheses 2 and 3.

Interestingly, when consumers are very satisfied with the evening class (see Figure 2), value attainment and mood hardly seem to matter; extremely satisfied consumers show hardly any differences in terms of their loyalty. Generally speaking, this means that when consumers are very satisfied with a service, their feeling of attaining instrumental values and experiencing a positive mood hardly seems to have any impact on their loyalty intentions. Apparently, in the case of high satisfaction levels, a clear-cut direct relationship with loyalty exists (c.f. Oliva et al., 1992). Nevertheless, in those situations in which consumers are not maximally satisfied, value attainment and mood do have a clear influence on loyalty. This means that in case loyalty cannot be fully attributed to satisfaction, value attainment and mood offer additional explanatory value, i.e. when satisfaction is very low, high positive mood and value attainment still can ensure that a certain level of customer loyalty can be achieved. It might be expected that in an extended service experience, it is rather difficult to keep consumers completely satisfied constantly. Therefore, over time actual levels of satisfaction will vary. In those occasions in which satisfaction reaches a sub-optimum, value attainment and positive mood may function as a buffer for diminishing loyalty. Particularly in the case of evening classes, where every single class could be considered a “moment of truth”, it seems hardly possible to keep every participant maximally satisfied over an extended period of time. Making sure that the participants have the feeling that
they attain their instrumental values and that they experience a positive mood during the service delivery process may keep them from lowering their loyalty intentions. Furthermore, the results suggest that it may be even more important to make sure that participants attain their values than that they experience a positive mood. This difference in terms of importance is small but nevertheless significant. Therefore, we would like to argue that both are important in preventing consumers, who are sub-optimally satisfied with an extended service offering, from lowering their loyalty intentions. Even in our particular research setting, customer loyalty does matter. Loyalty here means choosing other evening classes, which are offered in a large variety at the same institute. Satisfaction and loyalty are almost always associated with each other in a positive manner. However, when one does not attain instrumental values nor feel a positive mood, satisfaction with the service *per se* is an important influence on loyalty. In other words, if it is not value attainment, nor good moods, it has to be satisfaction with the service itself that brings the customer back. On the other hand, when one does get value attainment and/or a positive mood from the service, the customer is still likely to be loyal, even if not so satisfied with the service *per se*. In other words, the service experience is unsatisfactory, but loyalty is ensured as a result of achieving value objectives and a good feeling during the service delivery.

From a managerial perspective, it could be argued that attempts should be made to monitor and optimalize satisfaction. Furthermore, particularly in those situations in which maximisation of satisfaction is not feasible, value attainment and positive mood should also be monitored and optimalized. With respect to the attainment of values, managers need insight into which values are of importance to their consumers. In addition, they should think of ways to explicitly show consumers how these values can be attained by the service they are rendering. For instance, in case of the evening classes, when it is very important for the participants to achieve a sense of social recognition, an instructor can show how the knowledge obtained during these classes influences the social interactions of the participants. Or alternatively, when it is very important for the participants to be perceived as a helpful person, evening classes might offer the opportunity of exhibiting pro-social behaviour towards fellow course attendants in role-plays, working out cases and joint projects. Of course, not every participant will have the same values in mind when attending an evening class. Additional research is needed here, in terms of which values are important to the participants in these types of extended services and the way in which different segments can be distinguished based on these values.

In order to make sure that consumers experience a positive mood during the time a service is rendered, care should be taken to create an ambient service environment. Obviously, mood in an evening class is not only influenced by factors under the control of a manager or a tutor. Nevertheless, the mood of the individual participant can definitely be influenced by such things as a positive atmosphere, the experience and the friendliness of the tutor, the temperature within the room, the usefulness of working material and many other things,
which are indeed under the control of the management. Management has the task to create the optimal basic conditions to make it possible that participants will indeed experience a positive mood. Especially in those instances when maximum satisfaction cannot always be attained, loyalty intention levels can stay on a rather high level when nevertheless values are attained and a positive mood is experienced.

From a broader managerial perspective our results should be viewed in the context of the service profit chain model developed by Heskett et al. (1994). Apparently, value attainment and positive mood play a significant role with respect to both job satisfaction and customer satisfaction. Since these two constructs are closely linked in the service profit chain model, attention should be paid to them in the context of service management.

As with every study, ours suffers from a number of limitations too. In the first place, the data we collected are self-reported data. Therefore, the results obtained may be influenced by consistency effects and common method variance. Notwithstanding, we were able to detect the hypothesised interaction effect. Second, we used the Rokeach (1973) value scale to measure the extent to which consumers felt that taking part in an evening class helped them to attain their instrumental values. It should be remembered, however, that these were researcher-initiated values rather than respondent-defined values. Another limitation is that we measured positive mood as a state of mind during the service delivery process rather than a consumer characteristic. This implies that we might be dealing with varying time-spans. This period might be longer or shorter than the period participants need to decide about their loyalty intentions. In addition, the change in $R^2$ supporting the hypothesised three-way interaction was not large. Our finding that the relationship between satisfaction and loyalty is strongest for those respondents who do not attain their values nor experience a positive mood, certainly needs more in-depth investigation. More research is also needed on the conceptual difference between satisfaction and mood as the former has a clear affective component also. Future research should take recent nuances in satisfaction and loyalty research into account, such as manifest and latent satisfaction and true and spurious loyalty (Bloemer and Kasper, 1995). Also, different extended service settings should be taken into account. Finally, other factors that have an impact on the relationship between satisfaction and loyalty, such as trust, commitment, deliberation, etc. should be included in future research designs. These designs may need to be longitudinal in nature, so that actual behaviour of respondents can be taken into account. Future research should be used to confirm the external validity of our findings.

Our study should be viewed as a preliminary attempt at identifying factors that are relevant under certain conditions of customer loyalty deliberations with regard to extended services. We attempted to demonstrate that other variables than satisfaction may help to get a better understanding of loyalty in extended service settings.
References


