Customer Loyalty in High and Low Involvement Service Settings: The Moderating Impact of Positive Emotions

In the services marketing literature, the focus has largely been on the influence of satisfaction on customer loyalty. However, while a positive association between customer satisfaction and customer loyalty is generally acknowledged, empirical evidence concerning the exact relationship between loyalty and satisfaction in services has remained unclear. This holds especially for services in which consumers are relatively highly involved, i.e., where the service delivery takes place over an extended period of time and active customer participation occurs.

We propose that for high involvement services consumer patronage decisions may be affected by consumers' emotional states experienced during the service delivery process. Therefore, in this paper, we examine the simultaneous effect of satisfaction and positive emotions in a number of service settings that differ in level of involvement. The results reveal that the relationship between satisfaction and loyalty with respect to extended services is moderated by positive emotions in the case of high involvement service settings. In contrast, this type of interaction does not play a role of significance in determining customer loyalty with services that can be classified as low involvement services.

Key Words: loyalty, satisfaction, emotions

Introduction

It has generally been recognised in both marketing theory and practice that customer loyalty can be regarded as an essential asset in service industries.

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(Keaveney, 1995; Gremler and Brown, 1996). A persistent theme in customer loyalty research has been the relationship between customer satisfaction and customer loyalty. Numerous times, customer satisfaction has been voted as the number one driver of 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). The basic assumption in many of the empirical studies that have been carried out so far is that a positive confirmation of expectations with respect to service providers will instigate customers to remain loyal. However, the direct relationship between customer satisfaction and loyalty has remained somewhat equivocal. Bloemer and Kasper (1995) have shown that the satisfaction - loyalty relationship is not simple and straightforward. This is attributed to the level of elaboration on the part of the customer, which 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 the critical threshold. Similarly it can easily be foreseen that in the case of services in which consumers experience relatively low involvement (e.g. due to the fact that the encounter with the service provider is of a very short duration (Price et al. 1995), the impact of satisfaction on loyalty is smaller than for services in which consumers experience relatively high involvement).

By considering positive emotions, 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 emotions experienced during the service delivery process as a factor that is independent from the affective elements comprised in the satisfaction formation process (Oliver et al., 1992). Rather than focusing on the emotional component of the service offering, we propose to investigate affective aspects that are experienced during the service delivery process. In this article, therefore, we argue that customer emotions may play a moderating role depending on the level of customer involvement with the service. The article is structured as follows. First, we will offer a brief synthesis of the extant literature on key conceptual and methodological issues concerning satisfaction, emotions and loyalty. We subsequently discuss the results of a study conducted in six service providers varying in level of involvement, designed to provide empirical evidence on the interaction between satisfaction and emotions in explaining service loyalty. We conclude with a discussion and a number of theoretical and managerial implications of our results.

**Service Loyalty**

In the research literature on customer loyalty the emphasis has been primarily on
product-related or brand loyalty, whereas loyalty to service organisations has remained underexposed (Gremler and Brown, 1996). However, it has been pointed out that the accumulated body of knowledge about loyalty in the product domain cannot automatically be generalised to service loyalty (Keaveney, 1995). With regards to service loyalty, for instance, interpersonal relationships play a more significant role as opposed to loyalty with tangible products (Berry, 1983). Personal interactions constitute a pivotal aspect in the marketing of services (Czepiel and Gilmore, 1987; Surprenant and Solomon, 1987; Crosby et al., 1990; Czepiel 1990). Furthermore, the influence of perceived risk is greater in the case of services, as customer loyalty may act as a barrier to customer switching behaviour (Zeithaml, 1981; Klemperer, 1987; Guiltinan, 1989). Indeed, it has been shown that loyalty is more prevalent among service customers than among customers of tangible products (Snyder, 1986). In the services context, intangible attributes such as reliability and confidence may play a major role in building or maintaining loyalty (Dick and Basu, 1994).

Due to the fact that most loyalty-related research stems from the field of packaged consumer goods (Jacoby and Chestnut, 1978), the use of behavioural measures has featured prominently. With regards to services, loyalty has frequently been operationalised in terms of observed behaviour (Liljander and Strandvik, 1995). Ultimately, it is actual behaviour that drives a service organisation's performance. However, behavioural measures, such as repeat purchasing and purchasing sequence, have been criticised for a lack of a conceptual basis and for having a narrow, i.e. outcome-focused view of what is in fact a dynamic process from the perspective of developing and maintaining relationships (Day, 1969). For instance, a low degree of repeat purchasing of a particular service may very well be the result of situational factors such as non-availability, variety seeking and lack of provider preference. Therefore, the behavioural approach to loyalty may not yield a comprehensive insight into the underlying reasons for loyalty, instead it is a consumer's disposition in terms of preferences or intentions that plays an important role in determining loyalty (Jain et al., 1987; Bloemer and Kasper, 1995). Furthermore, repeat purchasing behaviour may not even be based on a preferential disposition but on various bonds that act as switching barriers to consumers (Storbacka et al., 1994; Liljander and Strandvik, 1995). For instance, membership arrangements may tie customers to service providers, despite the fact that their preference may be otherwise. Therefore, customer loyalty has also been approached as an attitudinal construct (Biong, 1993; Hallowell, 1996). This is reflected, for instance, in the willingness to recommend a service provider to other consumers. Finally, in addition to the behavioural and attitudinal approach to customer loyalty, it has been argued that there is also a cognitive side to customer loyalty (Lee and Zeiss, 1980). In this sense, customer loyalty is frequently operationalised as the product or service that first comes to mind when making a purchase decision (Newman and Werbel, 1973; Bellenger et al., 1976; Dwyer et al., 1987); the product or service that is a customer's first choice among alternatives (Ostrowski et al., 1993) or price tolerance (Anderson, 1996; Fornell et al., 1996). In both the
product and service marketing literature, satisfaction has been identified as an important determinant of customer loyalty. In the next section we discuss this service loyalty driver.

Service Satisfaction

Satisfaction has been considered as a central concept in the marketing literature (Brevelles and Leavitt, 1992). Different types of satisfaction have been identified. On the one hand, process definitions of satisfaction emphasise the expectancy disconfirmation paradigm (Oliver and DeSarbo, 1988; Tse and Wilton, 1988; Yi, 1990). According to this paradigm, consumers form expectations to which they compare the service performance. 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 enable fast evaluations of satisfaction with respect to brief service interactions (e.g., ticket buying) as well as evaluations from service experiences that involve consumption periods of considerable duration (e.g., a stay in the hospital). As a result, satisfaction can be formed on the basis of a single service encounter or on the basis of a number of service experiences. It has been argued that this is a typical aspect of service satisfaction (Oliver 1996).

On the other hand, a number of authors have advanced outcome-type definitions of satisfaction. According to these definitions, satisfaction may be perceived as a state of fulfilment, which is connected to reinforcement and arousal. Several outcome-types exist, according to 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 fulfilment’ (Oliver, 1996, p. 13). Particularly in a service context, the service delivery can be designed in such a way that it exceeds expectations in terms of affective aspects as end-states (Rust and Oliver 1994). This points to the crucial role of emotion in customer evaluative judgements. This will be discussed in the next section.

Emotions and Services

Recently, affect has been identified as an important contributor to the service experience (Knowles et al., 1993; Oliver, 1993; Liljander and Strandvik 1997). It has been recognised that 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. By providing an affective context, it can be determined how consumers feel during their encounters with the service provider.

Most commonly, emotions are characterised in terms of two independent dimensions: positive and negative. According to Watson and Tellegen, (1985) positive affect reflects the extent to which an individual affirms a zest for life. The following positive emotions are illustrations of the way in which this type of affect has been measured in previous research: ‘interested’, ‘excited’, ‘strong’, ‘enthusiastic’, ‘proud’, ‘alert’, ‘inspired’ and ‘active’. Clark and Isen (1982) suggest that people strive to experience positive emotions and avoid negative ones. This implies that if a consumer experiences positive affect, it could be expected that she or he would strive to repeat the service experience and hence become loyal to the service provider. Therefore, we focus on positive emotions in this paper.

Satisfaction, Positive Emotions and Loyalty in Services

As we argued in the introductory section of this article the relationship between satisfaction and loyalty in services is a complex one. Oliva et al. (1992), for instance, have demonstrated that it is non-linear; due to the fact that in some cases customers may remain loyal despite of the fact that switching incentives are offered. It is shown that, in between critical satisfaction thresholds, loyalty is generally unaffected by varying degrees of satisfaction and dissatisfaction. The complexity of the relationship between satisfaction and loyalty has instigated us to investigate the moderating effect of positive emotions. At the same time, we take the level of customer involvement into account. Involvement reflects the inherent interest a consumer has in the service. It means that the service has a heightened relevance to the consumer. Prior research has shown that involvement leads to higher motivation, heightened arousal and increased cognitive elaborations (Mano and Oliver, 1993). Therefore, it can be argued that high levels of involvement strengthen the experience of emotions in general and more specifically positive emotions. We argue that the parallel consideration of satisfaction, emotions and involvement 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. By simultaneously considering satisfaction, positive emotions and degree of customer involvement, we hope to achieve a better understanding of the phenomenological experience of the service delivery process. Such an understanding is based on two assumptions.

One important assumption is that we treat positive emotion as a moderator variable and not as an independent variable causally prior to satisfaction. We
argue that emotions that are experienced during the service delivery process are distinguishable from the affective component of satisfaction in that these emotions are the affect during the service delivery rather than the affect about or toward the outcome of the service experience. We propose that positive emotion and satisfaction are conceptually distinct, non-overlapping constructs, based on empirical evidence advanced by researches in the field of human resource management (Abelson et al., 1982; George, 1989; George and Brief, 1992; George and Jones, 1996). For instance, Abelson et al., (1982) argue that emotions experienced at work are different from the affective component of job satisfaction in that the former is less cognitively filtered than the evaluative judgements about work. This leads to the following hypothesis:

\[ H_1: \text{The relationship between service satisfaction and service loyalty will be moderated by positive emotions experienced during the service delivery process.} \]

A second basic assumption that we make relates to the level of customer involvement in the service delivery process. Most research in services marketing has ignored the extend to which customers are involved in the service experience or service delivery process. Frequently, the focus has been on functional contexts, limited in duration and experience, such as hotel reservations and bank transactions (Price et al., 1995). As a consequence, the research outlook has been primarily on the elements that are related to the delivery of the service and not on what the service delivery process means to the customer (Oliver, 1996). Especially, for service processes that may be characterised as more phenomenological experiences, in which customer participation is more extensive and sustained sensory and expressive content and ritualistic processes are present, such as a stay in the hospital, deep sea diving and artistic performance, other factors in addition to satisfaction will affect patronage decisions. Therefore, we propose that for services with which customers experience a high degree of involvement, the moderating role of positive emotions will be more pronounced than in case of relatively low involvement services. This leads to the following hypothesis:

\[ H_2: \text{The moderating effect of positive emotions on the relationship between service satisfaction and service loyalty will be stronger for high involvement services as opposed to low involvement services.} \]

An Empirical Study

Data Collection

An empirical study was conducted among 6 different service providers (municipal service delivery, a railway company, a fast food restaurant, a full service restaurant, a holiday camp and a travel agency). These service providers were supposed to be different with respect to the involvement of their customers
with the service. From each service provider approximately 150 customers were randomly interviewed. In total, 924 respondents took part in the research. All these respondents filled out a questionnaire at the location of the service provider after they had experienced the service delivery process. Respondents were found to be representative for each service provider in terms of their sociodemographic characteristics and their service rendering.

**Questionnaire**

The design of our questionnaire was based on multiple-item measurement scales which have been validated in previous research (Bloemer and Kasper, 1995; Watson et al., 1988). Satisfaction with the service provider was measured with a one item 9-point Likert scale: 'I am very satisfied with the service of XXX'. Next, also on a one item 9-point Likert scale, respondents had to indicate whether they had the intention to return to the service provider in the future. Then, questions on service provider commitment (11 item 9-point Likert scale) and involvement (16 item 9-point Likert scale) were posed. Sample items of our commitment scale are 'I really enjoy doing business with this service provider' and 'There is just too much time, energy and expense involved in terminating our relationship with this service provider'. The following statements are sample items of our involvement scale: 'When I need this type of service, it does not matter so much whether I make a wrong choice' and 'I am very interested in choosing a service provider'. Positive emotions were selected from the PANAS scale (Watson et al., 1988). Respondents had to indicate on a 9-point scale, ranging from definitely no to definitely yes, whether they had experienced the different emotions during the service providing. Sample items comprise: 'interested', 'excited', 'strong', 'enthusiastic', 'proud', 'alert', 'inspired' and 'active'. In addition, we posed questions about the gender of the respondent, his or her age, the number of persons within the household, his or her highest educational level, his or her profession and his or her service rendering behaviour.

Reliability analysis of the scales used to measure commitment and involvement yielded favourable results. The constructs exhibited a high degree of reliability in terms of coefficient alpha exceeding the recommended value of .7 (Nunnally and Bernstein, 1995). Cronbach's alpha for commitment was .83 and for involvement is was .73. The internal reliability of this positive emotion scale in terms of Cronbach's alpha was .92.

The commitment scale together with the intentions to return to the service provider were used to determine the degree of loyalty of the customers. This operationalisation concerns the behavioural as well as the attitudinal aspects of loyalty (see also Bloemer and Kasper, 1995).

The involvement scale was used to determine the level of involvement with the service provider and to enable us to verify empirically the distinction between low involvement and high involvement services. Table 1 provides an overview of the mean score and the standard deviation on involvement for each service provider.
Table 1: Mean and Standard Deviation for Involvement

<table>
<thead>
<tr>
<th>Service provider</th>
<th>Mean involvement score</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local public services</td>
<td>4.75</td>
<td>1.12</td>
</tr>
<tr>
<td>Railway company</td>
<td>4.53</td>
<td>1.15</td>
</tr>
<tr>
<td>Fast food</td>
<td>4.28</td>
<td>1.15</td>
</tr>
<tr>
<td>Restaurant</td>
<td>5.61</td>
<td>1.35</td>
</tr>
<tr>
<td>Holiday camp</td>
<td>5.31</td>
<td>1.20</td>
</tr>
<tr>
<td>Travel agency</td>
<td>5.79</td>
<td>1.05</td>
</tr>
</tbody>
</table>

T-tests show that the mean involvement scores for the municipal service, the railway company and the fast food restaurant differ significantly from the mean involvement scores for the full-service restaurant, the holiday camp and the travel agency. Therefore, we divided our total sample into two groups. A low involvement group, containing the first three services mentioned and a high involvement group, containing the last three services mentioned.

Results

Table 2 reports the mean scores and standard deviations on satisfaction, positive emotions and loyalty for the high and low involvement group. Table 3 also contains the correlations between these variables for the high and low involvement group.

Table 2: Mean and Standard Deviations for Satisfaction, Positive Emotions and Loyalty.

Low Involvement Sample

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction</td>
<td>5.6</td>
<td>2.23</td>
</tr>
<tr>
<td>Positive emotions</td>
<td>3.9</td>
<td>2.45</td>
</tr>
<tr>
<td>Loyalty</td>
<td>384</td>
<td>211</td>
</tr>
</tbody>
</table>

High Involvement Sample

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction</td>
<td>6.9</td>
<td>1.96</td>
</tr>
<tr>
<td>Positive emotions</td>
<td>5.7</td>
<td>1.83</td>
</tr>
<tr>
<td>Loyalty</td>
<td>429</td>
<td>218</td>
</tr>
</tbody>
</table>
Table 3: Correlations between Satisfaction, Positive Emotions and Loyalty

Low Involvement Sample

<table>
<thead>
<tr>
<th>Positive emotions</th>
<th>Loyalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction</td>
<td>.46**</td>
</tr>
<tr>
<td>Positive emotions</td>
<td>.45**</td>
</tr>
</tbody>
</table>

High Involvement Sample

<table>
<thead>
<tr>
<th>Positive emotions</th>
<th>Loyalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction</td>
<td>.35**</td>
</tr>
<tr>
<td>Positive emotions</td>
<td>.49**</td>
</tr>
</tbody>
</table>

** significant at 1% level

We expected the positive relationship between satisfaction and loyalty to be stronger due to the positive emotions experienced in case of high involvement with the service provider than in case of low involvement with service provider. This means that we have to investigate the moderator effect of positive emotions on the relationship between service satisfaction and service loyalty, for both the high involvement and the low involvement group. For this purpose, we used hierarchical regression analysis to fit the two following models:

1. \( \text{LOY} = b_0 + b_1(\text{SAT}) + b_2(\text{POS}) \)
2. \( \text{LOY} = b_0 + b_1(\text{SAT}) + b_2(\text{POS}) + b_3(\text{SATxPOS}) \)

Where \( \text{LOY} \) = service provider loyalty, \( \text{SAT} \) = satisfaction with the service provider and \( \text{POS} \) = positive emotions. A significant difference between the percentage of explained variance for both models indicates a significant moderator effect (SATxPOS) of positive emotions on the relationship between satisfaction and loyalty. The exact effect of the moderator variable and the other dependent variables can best be investigated by computing the partial correlation coefficients between these variables (SAT, POS and SATxPOS) and the dependent variable (LOY) (Tabachnick and Fidell, 1989). The results of these analyses are shown in Table 4.

From this table is can be seen that including satisfaction and positive emotions provides considerable explaining power to the model. We conclude that indeed service loyalty can be explained by satisfaction with the service provider and positive emotions experienced during the service providing. The effect of satisfaction is positive. This means that an increase in the level of satisfaction is accompanied by an increase in the level of service loyalty. The
effect of positive emotions is also positive. This means that an increase in the experience of positive emotions during the service providing process goes hand in hand with an increase in service loyalty. However, a distinction should be made between high involvement and low involvement services. In case of high involvement services, service loyalty is not only based on the direct effects of satisfaction with the service provider and positive emotions experienced during the service providing as such but also on the interaction effect between satisfaction and positive emotions. This means that in case of high involvement services the relationship between satisfaction and loyalty is moderated by positive emotions. The stronger the positive emotions experienced by the respondent, the stronger the relationship between satisfaction and loyalty. In case of low involvement services no moderator effect of positive emotions could be detected. This means that the degree in which a respondent has experienced positive emotions during the service providing has no influence on the strength of the relationship between satisfaction and loyalty.

Table 4: Parameters of the Hierarchical Regression Analysis; Model 1 versus Model 2.

**The High Involvement Sample**

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Adjusted R²</th>
<th>Sign. of R² change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model (1)</td>
<td>.41</td>
<td>.000</td>
</tr>
<tr>
<td>Model (2)</td>
<td>.41</td>
<td>.000</td>
</tr>
<tr>
<td>SAT</td>
<td>.56</td>
<td>.48</td>
</tr>
<tr>
<td>POS</td>
<td>.49</td>
<td>.38</td>
</tr>
<tr>
<td>SATxPOS</td>
<td>.65</td>
<td>.20</td>
</tr>
</tbody>
</table>

**The Low Involvement Sample**

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Adjusted R²</th>
<th>Sign. of R² change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model (1)</td>
<td>.32</td>
<td>.000</td>
</tr>
<tr>
<td>Model (2)</td>
<td>.32</td>
<td>.358</td>
</tr>
<tr>
<td>SAT</td>
<td>.51</td>
<td>.38</td>
</tr>
<tr>
<td>POS</td>
<td>.45</td>
<td>.28</td>
</tr>
<tr>
<td>SATxPOS</td>
<td>.52</td>
<td>-.04(ns)</td>
</tr>
</tbody>
</table>

SAT: satisfaction with the service provider; POS: positive emotions
All correlations and partial correlations are significant at p<.001 except for (ns)
Discussion

Service loyalty is a phenomenon that is currently receiving a great deal of interest. In this article we proposed a model that describes the relationship between satisfaction and loyalty and how this relationship is moderated by positive emotions in case of high involvement services. In other words, we investigated whether positive feelings increase service loyalty. First of all, we demonstrated that both satisfaction and positive emotions do have a positive effect on loyalty for both high and low involvement services. Furthermore, it was shown that in the case of high involvement services (e.g. travel agency) the relationship between satisfaction and loyalty is indeed moderated by positive emotions. This means that these types of services, the relationship between satisfaction and loyalty is stronger when positive emotions are experienced. In the case of low involvement services (e.g. local public services), no moderator effect of positive emotions on the relationship between satisfaction and loyalty was found. This implies that positive emotions do not seem to matter in making a satisfied customer a loyal customer.

Theoretical Implications

A number of theoretical implications follow from our research, suggesting a number of issues that merit further research. First of all, this study shows that positive emotions do indeed have an effect on loyalty. It seems worthwhile not only to investigate the effect of positive emotions on service loyalty but in addition also the effect of negative or neutral emotions. Furthermore, the effect of emotions, positive as well as negative, on disloyalty needs additional investigation. Another perspective that can be taken here is to investigate the role of dissatisfaction in relation to (negative) emotions and (dis)loyalty. Secondly, this study was limited to loyalty as an expression of consumer preference. Future research should focus on other attitudinal and behavioural outcomes of satisfaction such as word of mouth communication, the compositions of the evoked set and information search behaviour. Thirdly, a distinction should be made between different types of commitment, such as affective, calculative and moral commitment, as suggested in the literature (Allen and Meyer, 1991; Kumar et al., 1994). Fourthly, the involvement issue also needs to be addressed in a between customer setting. We addressed it by making a distinction between high and low involvement services in general. But for some services, some customers might be highly involved while others are hardly involved at all. Are the implications the same as for our study in the sense that highly involved customers show a stronger relationship between satisfaction and loyalty when they are experiencing positive emotions? In addition we here should also take into account the different types of involvement distinguished over time like enduring or situational involvement (Peter and Olson, 1996).

Fifthly, all constructs were measured at one point in time, thus essentially from a static perspective. It may be wise to study service loyalty over time in order
to be able to take into account the dynamics in consumer patronage behaviour.

**Managerial Implications**

The most important managerial implication from our study is that when explaining service loyalty, a marketing manager should not only focus on satisfaction. In addition he or she should definitely also take into account the emotions experienced during the service providing. Positive emotions do have, in addition to satisfaction, a positive effect on loyalty. And in case of service with which customers are highly involved, emotions do not only have a direct positive effect on loyalty but they also have a moderating effect on the relationship between satisfaction and loyalty. The stronger the positive emotions experienced in this case, the stronger the relationship between satisfaction and loyalty. This means that a marketing manager should also pay attention to the level of involvement of its consumers and try to increase it in order to strengthen the positive relationship between service satisfaction and service loyalty due to the positive emotions experienced. All together this implies that service loyalty management should focus on increasing customer satisfaction, increasing the positive emotions experienced by the customers during the service providing and increasing the level of involvement of the customer with the service. This can be done in a number of ways. Increasing customer satisfaction requires delivering the service in accordance with or just above the expectations of the customers (cf. Oliver, 1996), so expectations are an integral part of the satisfaction formation process. All service attributes should be taken into account and should constantly be monitored. Another possibility is to stress different positive emotions that can be experienced in the service delivery processes by actually telling customers how good they feel as a result of the service provision. Alternatively, to make customers more manifestly conscious about the experience of positive emotions, customer questionnaires about the service delivery process may be used. Finally, the level of involvement of the customer with the service can be increased by making the service important to the consumer, linking it with important values of the consumer’s, personal situations, by accentuating personalised services and customer-oriented lay-out and design. These can all be considered as elements of a relationship marketing orientation which ultimately is needed in order to survive in today’s competitive environment.

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