Contributions to Relationship Marketing on: Satisfaction & Customer-Company Identification

Dissertation
zur Erlangung des akademischen Grades
doctor rerum politicarum
(Doktor der Wirtschaftswissenschaft)
eingereicht an der
Wirtschaftswissenschaftlichen Fakultät
der Humboldt-Universität zu Berlin

von Diplom-Psychologin Angela Sommerfeld

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Tag des Kolloquiums: 28.11.2011

Acknowledgements

I am sincerely grateful to my advisor Prof. Marcel Paulssen for his outstanding supervision, scholarly input, and consistent encouragement. It was a pleasure to work with him and to be able to draw on the wealth of his expertise and knowledge. Furthermore, I would like to thank Prof. Lutz Hildebrandt for his participation in my doctoral committee, his valuable suggestions and the opportunity to discuss critical points in his doctoral seminar.

I am equally pleased to thank Prof. Richard P. Bagozzi for his support during my visiting scholarship at the University of Michigan. I am thankful for his constructive advice and the wonderful experience of discussing parts of my dissertation with him.

In addition, this dissertation has benefited from valuable support of Ingo Pletz, Sina Wilke and Jan Frick who assisted me with data collection.

In conclusion, I am very much indebted to my parents who supported me in a multitude of ways. I also thank my friends for their encouragement.

Last, but not least, I thank Daniel for his unconditional support and love.

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"… faced with the prospect of missing the last train
to scientific respectability,
many academics … are desperately rum managing through their past publications and rejected manuscripts in a
frantic search for the magic word,
the word which will enable them to announce
that they have been relationship marketers all along
and thus entitled to a seat on board"

(Brown 1997, p. 171)

General Introduction

The management approach that views customer relationships as key assets of the organization gained increased prominence in the priorities and practices of many organizations, regardless if they are for-profit or non-profit oriented (Gruen, Summers, and Acito 2000). Referred to as relationship marketing, this approach had shifted the focus of marketing from solely attracting customers into transactions toward establishing long-term relationships with them. Relationship marketing was first introduced to services (Berry 1983), a context which is prone to relationship formation due to its intense interaction between business partners. A decade later, relationship marketing extended into consumer markets, drawing on the notion that relationships with key customers have always been important (Christy, Oliver, and Penn 1996). Today the relationship paradigm has found its place in marketing – although after the concept's introduction some have been afraid that it might just be another 'management fad' or 'the emperors' new clothes' as Veloutsou, Saren, and Tzokas remind (2002).

Hennig-Thurau and Hansen (2000) emphasize the most dominant shifts between the former transactional focus and the new relationship paradigm as listed below (see Table 1):

Table 1.1: Key differences between the concepts of relationship marketing and transactional marketing (adapted from Hennig-Thurau and Hansen 2000).

Criterion	*Relationship marketing*	*Transactional marketing*
Primary object	Relationship	Single transaction
General approach	Interaction-related	Action-related
Perspective	Evolutionary-dynamic	Static
Basic orientation	Implementation-oriented	Decision-oriented
Long-term vs. short-term	Generally long-term perspective	Generally short-term perspective
Fundamental strategy	Maintenance of existing relationships	Acquisition of new customers
Focus in decision process	All phases focus on post-sales decisions and action	Pre-sales activities
Intensity of contact	High	Low
Degree of mutual dependence	Generally high	Generally low
Measurement of customer satisfaction	Managing the customer base (direct approach)	Monitoring market share (indirect approach)
Dominant quality dimension	Quality of interaction	Quality of output
Role of internal marketing	Substantial strategic importance	No or limited importance
Importance of employees for business success	High	Low
Production focus	Mass customization	Mass production

The primary object of today's marketing activities is to establish, develop, and maintain successful customer relationships (Bolton and Bhattacharya 2000; Morgan and Hunt 1994; Palmatier et al. 2006). For the practice of effective relationship marketing, a customer-centric focus is of special importance (Sheth, Sisodia, and Sharma 2000) in order to understand the needs and wants that customers seek to satisfy within customer relationships. The following contributions will therefore center on the question of 'what values should be offered to customers in order to foster their customer relationships?'

To address this question, *part I of the contributions* will revisit a well known relationship strengthener: Satisfaction. Due to the maturity of satisfaction research in marketing, part I will directly highlight two important research topics regarding the ability of satisfaction to strengthen customer relationships. First, it is questionable if increases on attribute satisfaction will linearly translate into global satisfaction or loyalty. Arguing from the customers' point of view, chapter 1 will reveal the value of attribute satisfaction increases for customers' loyalty intention. As satisfaction and loyalty intention are latent constructs, a structural equation model (SEM) will be used to assess the functional nature that links attribute satisfaction and loyalty. Second, relationships involve reoccurring interactions. This is especially true for services. However, most research merely assumed that extraordinary consumption episodes influence the health of the customer relationship. The contribution in chapter 2 will demonstrate that only some of these interactions are indeed critical for customer relationships.

Part II of the contributions moves beyond satisfaction and loyalty. Although loyalty is a good indicator to test market hypotheses about a value proposition, even intentional loyalty does not inform about customers' motivation to stay loyal. Chapter 1 will demonstrate that two mechanisms exist, which motivate customers to maintain relationships. One of these motivations hinders customers from defections, whereas the other enhances their intrinsic desire to maintain the customer relationship. Chapter 2 will revisit a social benefit that is long known for its ability to influence product/brand choices: Identity. Based on findings from organizational settings, chapter 2 contributes to existing marketing research by demonstrating how customers' identification with a given company affects their desire to maintain the relationship. These findings are especially important as they offer a mechanism that is difficult to be credibly copied by competitors. Chapter 3 will move beyond classical loyalty measures and demonstrate that customers' emotional connection motivates various cooperative intentions. This is an important contribution. First, because more and more researchers started to argue that for staying competitive it is important to integrate the customer into the process of creating a superior experience. Second, the most central facets of customers’ cooperation and support are not attainable via satisfaction. Chapter 4 will finally demonstrate how companies can better serve customers’ need for self-definition. Most important from a practitioner’s perspective, it will be demonstrated that customer-company identification strongly influences future behavior and financial outcomes.

Part I: Satisfaction

Introduction to Part I [*Satisfaction*]

Customer satisfaction has become a key relationship marketing strategy (e.g. Cronin and Taylor 1992; Homburg, Koschate, and Hoyer 2005; Oliver and Swan 1989). Offering consumption experiences above initial expectations is relevant as it enhances customers' intended and actual loyalty. Satisfied customers have higher intentions to repurchase (e.g. Mittal, Ross, and Baldasare 1998; Szymanski and Henard 2001), are willing to pay more (e.g. Homburg, Koschate, and Hoyer 2005), and want to maintain the relationship (e.g. Gustafsson, Johnson, and Roos 2005). These intentions are also evident in customers' actual behaviors, as satisfied customers have higher repurchase rates (e.g. Mittal and Kamakura 2001; Olsen 2002) and attract new customers by spreading positive word-of-mouth (e.g. Brown et al. 2005; Szymanski and Henard 2001). Consequently, companies benefit in their financial performance by satisfying customers (e.g., Anderson, Fornell, and Mazvancheryl 2004; Fornell et al. 2006; Rust, Moorman, and Dickson 2002). Customers valuate satisfaction, because they expect a similar satisfying performance in the future. Hence, satisfied customers increasingly trust their exchange partner (Gwinner, Gremler, and Bitner 1998) and are thus helped to deal better with as risky perceived consumption decisions (Sheth and Parvatiyar 1995). From this point of view satisfaction also represents a central value for customers which they use to eliminate less satisfying consumption alternatives (Bettman, Luce, and Payne 1998).

However, despite high rates of customer satisfaction firms experience high rates of defectors (Reichheld 1996), therefore attempts are undertaken to better understand satisfaction from the customer perspective. To explain the formation of customer satisfaction, most research draws on the generally accepted confirmation-disconfirmation paradigm. Within this paradigm satisfaction reflects a post-purchase evaluation based on pre-purchase expectations (Oliver 1980) and is frequently defined in the words of Oliver (1997, p. 13):

> [Satisfaction] "is a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under- or over fulfillment."

The subsequent chapter 1 addresses the relevance of different degrees of over- and under-fulfilled expectations regarding their relevance to alter customer loyalty. Critical for this investigation is the functional nature that actually links attribute satisfaction to loyalty as will be discussed.

Chapter 2 draws on the critical incident technique as a qualitative and quantitative method to demonstrate how companies can develop a deeper understanding of customer satisfaction itself. As satisfaction is based on the pleasurable fulfillment of "some need, desire, goal, or so forth" (Oliver 1999 p. 34) a focus on exceptional consumption episodes aids in understanding the needs and wants that customers seek to satisfy. In order to develop a deeper understanding of customers' definition of satisfaction, research has especially highlighted consumption episodes that disconfirm previous expectations, because performance operates either far below or far above initial expectations (e.g. Edvardsson and Strandvik 2000; Stauss and Hentschel 1992). The second chapter elaborates on the differential impact that those episodes have for the health of the customer relationship.

1 The Nature of the Relationship Between Satisfaction and Loyalty

Providing superior customer satisfaction has become a strategic imperative (Anderson and Mittal 2000). Companies' striving for high performance ratings is grounded on the notion that satisfaction is an essential ingredient for customer loyalty - and that the economic benefits associated with lifting loyalty can be tremendous. Reichheld and Sasser (1990) estimated that a 5% increase in customer loyalty can increase profit between 25% and 85%. In general, satisfaction is expected to translate into profit (Heskett et al. 1994). Therefore, leading companies, such as Xerox, targeted to achieve 100% of their customers to state that they are either 'satisfied' or 'very satisfied' (Heskett et al. 2008). But apart from the fact that both practitioners and academics agree that customer satisfaction and loyalty are linked inextricably, there is a general consensus that customer satisfaction and loyalty are not surrogates for each other (Bloemer and Kasper 1995; Oliver 1999).

From a managerial standpoint, increases of satisfaction only matter to the extent that they affect customer loyalty and intention (Zeithaml, Berry, and Parasuraman 1996). Without linking satisfaction to loyalty, satisfaction can be a trap (Reichheld 1996), because improvements may not come back in terms of profit gains (Zeithaml, Parasuraman, and Berry 1990). It is therefore of pivotal relevance to determine the functional nature that actually links satisfaction to loyalty.

1.1 Nonlinear Effects

Motivated by the notion that customer loyalty depends on satisfaction, companies invest considerable resources in the improvement of customer satisfaction. However, as companies are limited in their financial resources, they are forced to prioritize investments. Typically, they base resource allocation on two characteristics: The importance of different attributes in enhancing global satisfaction and their actual performance level. Often companies use simple importance-performance analyses for their prioritization. Based on these analyses, companies foremost allocate resources into performance attributes that are both most important for customers' global satisfaction and most distant from 100% attribute satisfaction. Approaches like this one seem plausible in their appropriateness to enhance loyalty via global satisfaction. However, their effectiveness depends on several implicit assumptions that seem questionable.

First, it is assumed that customers always value high performance as more satisfying than mere confirmation of expectations. But the satisfaction from increases in attribute performance can vary strongly - depending on the type of attribute. As such, an automotive customer might indeed be the more satisfied the less money s/he has to spend on fuel. But s/he might gain nearly no satisfaction from horsepower increases above a certain threshold performance. Kano (1984) was the first to formalize, in which way different attributes translate performance into satisfaction. Besides 'one-dimensional factors' that influence dis/satisfaction linearly, two asymmetric factors exist, that are labeled 'dissatisfiers' and 'satisfiers' according to their potential effect. Dissatisfiers capture all attributes that customers simply expect, e.g. well functioning brakes of the car. Accordingly, dissatisfiers are not able to contribute to satisfaction, but induce dissatisfaction in case they fail to perform at the required minimum. In contrast, 'satisfiers' are attributes not expected by the customer, so their absence will not influence satisfaction judgments at all. Nevertheless, their unexpected performance can induce strong satisfaction. Satisfiers and dissatisfiers thus capture asymmetric relationships between performance and satisfaction, and thereby indicate nonlinear relationships. Kano's (1984) classification of attributes regarding their functional link to satisfaction is well accepted, although later studies relabeled one-dimensional factors, dissatisfiers, and satisfiers into: Performance, basic, and excitement factors (e.g. Matzler and

Sauerwein 2002). Based on the argumentation above, the relationship between attribute and global satisfaction can vary strongly, depending on the attribute type.

Second, it is assumed that, irrespective of their actual level, attribute satisfaction differences translate into global satisfaction differences. This is unrealistic. Generally speaking, satisfaction judgments are a function of baseline expectations plus any perceived disconfirmation (positive or negative). Drawing on prospect theory, negative disconfirmation should exhibit a more profound influence on global satisfaction than a similar amount of positive disconfirmation (Kahneman and Tversky 1979). Also in consumption settings, losses loom larger than gains (Thaler 1980). In addition to this asymmetry, humans are increasingly insensitive to strong deviations from expectation (Kahneman and Tversky 1979). Consequently, increasing attribute satisfaction from 'satisfied' to 'very satisfied' should impact global satisfaction judgments more strongly than further increases from 'very satisfied' to 'extremely satisfied'. Accordingly, the actual attribute satisfaction level influences the impact of any increase on global satisfaction. Various marketing researchers have therefore questioned the linearity assumption (e.g. Agustin and Singh 2005; Arbore and Busacca 2009; Gómez, McLaughlin, and Wittink 2004; Mittal, Ross, and Baldasare 1998). Based on the argument above, investments into relatively high performing attributes can represent a strong misallocation of resources.

Third, it is assumed that loyalty can be enhanced by improving satisfaction attributes that are most important for global satisfaction. From a company's perspective, this line of thought is supported by the fact that high satisfaction on various attributes aggregates to a high global satisfaction level, which in turn represents a strong link to loyalty. Taking a customer's perspective, loyalty decisions should rather be made at an attribute than at a global satisfaction level. As customers attach different weight functions to the performance of attributes, only attribute satisfaction entails the full information that customers need in order to deduce their loyalty decision. Focusing on attributes, for example, eases the detection of insufficiently performing dissatisfiers. In order to reduce their choice set customers will simply eliminate those exchange partners that perform below their requirements (refer to Bettman, Luce, and Payne 1998 for a detailed analysis of customer decision making and heuristics as e.g. elimination-by-aspects). Based on the argument above and in line with initial empirical evidence (Mittal, Ross, and Baldasare 1998), linking attribute satisfaction to loyalty should be closer to customers' decision making and represent a more effective procedure to enhance loyalty than linking attributes to global satisfaction.

1.2 Contributions of Article 1

Article 1 draws on prior studies from the marketing domain, which have empirically questioned the symmetric and linear relationship between satisfaction attributes and their outcomes (Matzler et al. 2004; Mittal, Ross, and Baldasare 1998). Those prior studies used dummy regressions to estimate the nonlinear effects of attribute satisfaction. But this approach is problematic since both satisfaction and loyalty judgments are clearly latent variables. Not correcting for measurement errors leads to inconsistent and attenuated parameter estimates and dummy-coding leads to a loss of information. The contribution of article 1 is to model the nonlinear relationship between attribute satisfaction and loyalty within a SEM-framework that takes into account that satisfaction and loyalty are reflective constructs (Klein and Muthén 2007). The empirical results support the asymmetric relationship between satisfaction attributes and loyalty insofar as negative satisfaction has a stronger impact on loyalty than positive satisfaction. More important, the article supports that satisfaction increases on some attributes indeed exhibit diminishing returns on customer loyalty as expected by prospect theory (Kahneman and Tversky 1979). However, as argued above, it should not be expected that all satisfaction attributes demonstrate diminishing returns on attribute improvement. In order to prevent companies from a misallocation of their resources the findings in article 1 demonstrate that it is important to assess the nature of the link between satisfaction attributes and resulting loyalty.

2 Measuring Customer Satisfaction via Critical Incidents

Reflecting the importance of customer satisfaction, an array of methods to assess satisfaction has evolved. Especially en vogues are quantitative methods, including the direct assessment of customers' global and attribute satisfaction. Both satisfaction measures are valuable instruments to monitor a company's performance (Olsen and Johnson 2003). Companies use this information to assess the relevance of different attributes in the formation of global satisfaction judgments. These judgments have become an increasingly important performance criterion (e.g. even expanding to a nation wide assessment via the ACSI, Fornell et al. 1996) and are often tied to executive and employee compensation. This situation reinforces practitioners' need to better understand and target drivers of global satisfaction.

Traditionally, satisfaction is measured with attribute-based satisfaction ratings (e.g. product performance, staff competence, staff friendliness). But this approach suffers from several methodological shortcomings: (1) attribute-based satisfaction ratings are not able to completely capture customers' perceptions, (2) they focus on routine performance, (3) the customer judges a pre-specified set of criteria irrespective of their personal relevance, and (4) results are often not sufficiently operational to derive managerial implications (Stauss and Hentschel 1992). Due to these limitations the quote by Fournier and Mick (1999, p. 6) nicely summarizes the shortcomings of attribute-based satisfaction measurement: "Satisfaction has not been considered thoroughly as it is experienced and expressed through the consumer's own voice".

A deeper understanding of satisfaction formation from the customer's perspective offer qualitative satisfaction judgments. Most prominent in practice are complaint management approaches that collect deviations from expectations and customers' improvement suggestions. Unfortunately, the insights gained from this approach are limited, as the majority of dissatisfied customers fails to complain (Voorhees, Brady, and Horowitz 2006). Hence, improvement decisions are strongly biased by those customers who are willing to participate in such feedback options. Another qualitative approach to overcome the shortcomings of attribute-based satisfaction measures is the critical incident technique. This method is especially suitable for theory development and additionally possesses managerial advantages (Keaveney 1995) as will be introduced in the following subchapter.

2.1 Critical Incidents

Successful performance often depends on critical requirements that are needed to accomplish certain tasks successfully. More than 50 years ago, Flanagan (1954) demonstrated that performances remarkably apart from normal – so-called critical incidents – have the power to distinguish between well and poor performing candidates. Critical incidents (CIs) capture performances that are outside a simple confirmation of expectation ratio, because they are either characterized by exceptionally positive or negative performance. The closeness of this interpretation to the confirmation-disconfirmation paradigm let to the first application in marketing. In order to discover dimensions that are important to customers' assessment of product satisfaction, the critical incident technique (CIT) has entered the field of marketing in 1975 (Swan and Rao) - as a flexible and structured method for identifying exceptional performance attributes. The scientific breakthrough in marketing came with the work of Bitner, Booms, and Tetreault (1990). They applied the CIT across service industries to develop a deeper understanding of how customer relationships function by specifically investigating CIs, defined as interaction experiences that customers perceive or recall as exceptionally positive or negative. Essentially the CIT is a qualitative research method, relying on a set of procedures to collect, content analyze, and classify recalled observations of human behavior in a given context. Applying the CIT to the marketing field, Bitner and colleagues (1990) showed that across service industries customers refer to similar groups of incidents in order to distinguish between satisfying and dissatisfying service encounters. Following their seminal paper a large stream of research has applied the CIT, predominantly in service contexts, to explain dis/satisfying services (Bitner, Booms, and Tetreault 1990), service breakdowns (Edvardsson 1992), service switching (Keaveney 1995), service failures (Bejou, Edvardsson, and Rakowski 1996), service evaluations (Odekerken-Schröder et al. 2000), and even service employees' perceptions of critical encounters with their customers (Bitner, Booms, and Mohr 1994).

The CIT contrasts with traditional attribute-based satisfaction measures via various strengths. While taking a customer-based view onto satisfying moments CIs provide concrete categories of excellence or in need for improvement as defined by the customer. When asked about CIs, for example in the interaction with a service provider, the researcher obtains stories in the customers' own words, about their experiences during previous interactions. These CIs declare customer-defined performance elements, which are not predefined by the company as it is the case for attribute-based satisfaction judgments (Odekerken-Schröder et al. 2000). Consequently, the CIT is an attractive method to investigate improvement opportunities, because it does not restrict observations to a limited set of variables or activities (Gremler 2004). As the collected data stem from the respondent's perspective and are presented in his or her own words (Edvardsson 1992), CIs actually provide insights into customer's satisfaction definition. Therefore CIs can also be easily communicated to customer-contact personnel, particularly when used to illustrate behaviors that satisfy or dissatisfy customers (Zeithaml and Bitner 2003). From an employee perspective these vivid descriptions are easier to interpret and offer a more concrete guideline for behavior than imprecise calls 'to treat customers right' or 'putting service first' (Bitner, Booms, and Tetreault 1990). Giving employees a deeper understanding on how to effectively respond to requests is especially important as employees often represent customers' main touch point with the selling company.

2.2 Contributions of Article 2

Although CIT studies have attained considerable prominence in service research and possess various strengths, as mentioned above, a recent review points to important knowledge gaps (see Gremler 2004). A key limitation of current applications in service research is that existent studies provide no answer to the questions of 'whether' and 'which' critical incidents are truly critical for customer relationships (Edvardsson and Strandvik 2000; Gremler 2004; Roos 2002). Rather CIT studies assume by definition that consumption episodes, outside any neutral experience zone, will influence the health of the relationship (Bitner, Booms, and Tetreault 1990). Consequently, research to date has primarily focused on finding the most frequent incident types, using traditional content analysis. However, several authors have questioned this implicit assumption, because they found that many of their respondents had experienced negative CIs with no apparent consequence for the investigated relationship at hand (e.g. Edvardsson and Strandvik 2000; Roos 2002). A key question is therefore: '*Is a critical incident critical for a customer relationship?*' (Edvardsson and Strandvik 2000).

Given that the broader body of customers' experiences in ongoing relationships constitutes of ordinary interactions, it is an important research question whether relatively rarely occurring CIs have indeed the potential to significantly damage or strengthen a given customer relationship. Article 2 addresses the criticality of CIs for the customer relationship, by empirically linking CIs to satisfaction, trust, and loyalty as has already been called for (Gremler 2004). The article demonstrates that (1) positive and negative CIs have a substantial impact on satisfaction and trust judgments. Contrary to previous findings (Odekerken-Schröder et al. 2000), article 2 shows that not only negative, but also positive CIs affect customer satisfaction judgments. (2) Further, it is demonstrated that the number of experienced CIs influences customer satisfaction and trust. It is therefore important to take the amount of experienced CIs into account. This result corresponds with qualitative findings, which demonstrate that customers are even quite forgiving in the case of a single negative CI (e.g. Strandvik and Liljander 1994). (3) Using a Multiple Indicators and MultIple Causes (MIMIC) model (Jöreskog and Goldberger 1975), article 2 underscores the relevance to assess the criticality of collected CI categories, because customers do not use all types of CIs to assess the health of the relationship. Depending on their respective content, some types of CIs even exhibit no relevance for the relationship at all. Consequently, not all CIs are by definition critical for the customer relationship, as has been often assumed (Bitner, Booms, and Tetreault 1990). Special attention should be given to negative CIs, because they can hardly be healed with positive CIs as they impact relationship measures stronger than their positive counterparts. (4) As CIs are typically measured in retrospective, customer's mood should be captured during retrieval. Article 2 demonstrates that mood impacts the retrieval of CIs, as well as judgments of satisfaction and trust, thus altering CIs' relevance for satisfaction and trust. (5) Including the (retrospectively measured) emotional appraisal of CIs does not alter the effect of CIs on measures of customer relationship strength. To summarize, the article underscores the relevance of Gremler's call (2004) to clarify the impact of number, valence, strength, and type of CIs on the quality of customer relationships.

Transition

In today's marketing landscape every seller knows that satisfying customers is a prerequisite to obtain their loyalty (Szymanski and Henard 2001). For that reason, most business competitors make efforts to achieve high and higher customer satisfaction judgments. As a result of this endeavor, satisfaction is on a high level across business competitors - evident in frequently negatively skewed distributions of customer satisfaction ratings (refer to Peterson and Wilson 1992 for a profound analysis of this effect). Hence, barriers which initially prevented customers from switching have eroded, and high satisfaction does not automatically translate into customer retention (Jones and Sasser 1995; Oliver 1999; Reichheld 1996). Consequently in today's marketplace, satisfaction is a necessary, but not sufficient condition to obtain loyalty as empirical evidence indicates (see Carroll and Ahuvia 2006). Moreover, the possibility to increase satisfaction might face a natural limit. The argument is that increases on customer satisfaction enhance customers' future expectations, making it even more difficult to raise satisfaction in the next step (Mittal, Kumar, Tsiros 1999). Therefore, it is important to reveal other relationship strengtheners that motivate customer loyalty.

Besides providing satisfactory exchanges, Dwyer, Schurr, and Oh (1987, p. 16) already argued that the identity of the seller influences the initial attraction and the formation of bonds, "rooted in perceived similarity of beliefs, values or personality". Also Oliver (1999) points out that connecting to customers' identity can generate and maintain loyalty, beyond satisfaction. Part II of the contributions will follow this line of thought and elaborate how a selling company's identity enhances customers' cognitive, emotional, and behavioral loyalty.

Part II: Customer-Company Identification

Introduction to Part II *[Customer-Company Identification]*

"The consumer is not as functionally oriented as he used to be — if he ever really was."

Levy (1959, p. 117)

In an increasingly competitive landscape, in which innovation is readily copied, a renewed interest has evolved in bonding customers apart from pure functional performance attributes (Arnett, German, and Hunt 2003; Brown and Dacin 1997; Fournier and Yao 1997). Indicative for this approach are research topics that center on customers' self-brand connections (Escalas and Bettman 2005), brand love (Albert, Merunka, and Valette-Florence 2008), brand affect (Chaudhuri and Holbrook 2001), brand attachment (Thomson, MacInnis, and Park 2005), and more recently customers' identification with companies (Ahearne, Bhattacharya, and Gruen 2005; Bagozzi et al. 2005; Belk and Tumbat 2005; Bhattacharya and Sen 2003; Bhattacharya, Rao, and Glynn 1995; Homburg, Wieseke, and Hoyer 2009; Lichtenstein, Drumwright, and Braig 2004; McAlexander, Schouten, and Koenig 2002; Schouten and McAlexander 1995). These research topics commonly highlight the relevance of a meaningful overlap between consumption entities' identity and customers' identity.

Part II of the contributions moves beyond satisfaction and sheds light on the process of how identification strengthens customer relationships. The first chapter addresses the more general question 'why customers do look forward to maintaining a relationship' (Gustafsson, Johnson, and Roos 2005). Having explained their different loyalty motivations, the second chapter elaborates on how a company's identity motivates customers to form relationships. Taking a marketer's perspective, chapter 3 elaborates on the behavioral consequences of bonding customers via so-called customer-company identification. Chapter 4 finally demonstrates how companies can further enhance customer-company identification.

1 Customers’ Distinct Commitment Motives

Customers’ motivation to maintain a valued relationship is inseparable from the notion of loyalty (Day 1969; Dick and Basu 1994; Jacoby and Chestnut 1978), thus loyalty from the customer’s perspective is frequently captured by using the definition of Olivier (1999, p. 34):

> “[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 situational influences and marketing efforts having the potential to cause switching behavior”.

In this regard commitment reflects the strength and motivation of customers to stay with a certain company, frequently defined as “an enduring desire to maintain a valued relationship” (Moorman, Deshpandé, and Zaltman 1992, p. 316). Deeply committed customers have climbed the customer relationship ladder up to the most intense level (Dwyer, Schurr, and Oh 1987) – a customer relationship level which prolongs customers’ life-cycles and prevents defections (Reichheld and Sasser 1990). Accordingly, customers’ commitment is rated as an essential ingredient for successful long-term loyal relationships (Gundlach, Achrol, and Mentzer 1995). This point of view is also empirically supported, as the concept has demonstrated its central role in channeling various antecedents onto beneficial, productive, and relationship supporting behaviors (Morgan and Hunt 1994). Not surprisingly, commitment is therefore seen “as key to achieving valuable outcomes” (Morgan and Hunt 1994, p. 23) such as channel survival (Anderson and Weitz 1992) and performance (Kumar, Hibbard, and Stern 1994). Nevertheless, commitment is a complex construct which can be approached from different perspectives, thereby capturing different intentional motives to desire the maintenance of a relationship. In order to gain a deeper understanding of why commitment motivates customers to maintain a relationship, the following sections introduce the distinct commitment foci that customers use to judge the value of the relationship.

> "These two dimensions, although known by other names, may be called *value commitment* and *forced* or *continuance commitment*."
>
> (Stebbins 1970, emphasize in original)

Customers' commitment has been mainly conceptualized as being unidimensional (e.g. Garbarino and Johnson 1999; Morgan and Hunt 1994), although some scholars argue for a multi-facet construct of commitment (e.g. Gilliland and Bello 2002; Gundlach, Achrol, and Mentzer 1995). In marketing research multidimensional approaches have almost exclusively been applied in the business-to-business domain (e.g. Gruen, Summers, and Acito 2000) and only exceptionally in other customer settings (Bansal, Irving, and Taylor 2004; Fullerton, 2005a, b; Harrison-Walker 2001; Verhoef, Franses, and Hoekstra 2002). Cater and Zabkar (2009, p. 785) caution "the fact that many authors in the past used a global rather than a multi-attribute measure of commitment may have led to certain associations between commitment and other variables in relationships between business partners not being confirmed". The underlying motives for continuing a relationship have been more distinctively researched in organizational settings.

In the organizational literature various conceptualizations have been applied in order to study attitudinal commitment to organizations, as committed employees foster a competitive advantage. The wide application of the commitment construct led Allen and Meyer (1990) to a clarification of the underlying components of attitudinal commitment, thus emphasizing three different commitment facets. According to their meta-analytical investigation (Meyer et al. 2002), attitudinal commitment can be captured either as an emotional attachment, as perceived costs, or as an obligation to be committed. Meyer and Allen (1987, 1991) labeled these facets: Affective, continuance, and normative commitment. Marketing scholars have mainly drawn on Meyer and Allen's distinction when investigating customers' commitment motivations. The three components will be introduced in the following.

Continuance commitment as defined by Kanter (1968, p. 504) is a "cognitive commitment" which occurs when there is a "profit associated with continued participation and a cost associated with leaving". Continuance commitment motivates customers to continue a relationship due to high switching costs or scarcity of alternatives (Allen and Meyer 1990; Bendapudi and Berry 1997; Fullerton 2005a; Fullerton 2003). Some authors even refer to continuance commitment as calculative commitment in order to stress the construct's rational nature (e.g. Verhoef, Franses, and Hoekstra 2002; Wetzel, de Ruyter, and Birgelen 1998).

Affective commitment is the most prevalent approach to organizational commitment (Allen and Meyer 1990, p. 2), "in which commitment is considered an affective or emotional attachment to the organization such that the strongly committed individual identifies with, is involved in, and enjoys membership in the organization". Allen and Meyer argue that the affective commitment approach is perhaps best represented by the work of Porter and his colleagues (Mowday, Steers, and Porter 1979, p. 226; Porter, Crampon, and Smith 1976; Porter et al. 1974) who interpreted organizational commitment as "the relative strength of an individual's identification with and involvement in a particular organization".

Normative commitment captures the third commitment motive referring to the social norm of reciprocity. Normative commitment rests on the imperative that "there is no duty more indispensable than that of returning a kindness - all men distrust one forgetful of a benefit" (Cicero cf. Gouldner 1960, p. 161). Social systems require compliance with some moral standard, in order to ease social interaction. These implicit agreements can smooth interactions, since the one who did the first step will regularly count on the other one to budge an inch at the next occasion. Otherwise everyone would simply say to one another 'You first!' – while exchanges would be delayed and relationships eventually prevented from developing (Schelling 1956). Normative commitment defines feelings of obligation. In a customer setting such an obligation might exist when customers come to perceive that the company has invested in their interest, and maybe even has risked some financial loss, in order to foster a customer-centered support (Morales 2005), in times when it was not even necessary to do so. As a result, customers will feel that a moral standard implies to appreciate this noble gesture and, if possible, to reciprocate something in return for the company's intrinsic effort. Although this commitment motive seems intuitively plausible and relevant, it is difficult to be assessed precisely, as it covaries strongly with affective commitment (Meyer, Allen, and Smith 1993).

Consequently, the remainder will solely focus on the most opposing commitment motives: Affective and continuance commitment. This is further supported as only these facets are also empirically distinguishable, which is not the case for normative commitment (Meyer et al. 2002).

1.1 Benefits of Affective and Continuance Commitment

In the global evaluation of customers' commitment the underlying foci regarding 'why?' customers desire to maintain a relationship are left in the dark. In the marketing domain "the recognition of commitment as a multidimensional construct that includes an affective and a continuance component is quite recent" (Evanschitzky et al. 2006, p. 1208). This implies that it is unclear, whether and which consequences derive from affective or from continuance commitment. On the basis of a rather fine-grained insight into customers' motivation to desire the maintenance of a relationship, affective commitment might drive other intentions than continuance commitment does. However, the meager research that investigates facets of commitment revealed no striking differences regarding the preliminary consequences of both commitments:

Continuance commitment is beneficial as it lowers customers' switching intentions (Bansal, Irving, and Taylor 2004; Fullerton 2005a; Wetzel, de Ruyter, and Birgelen 1998), drives purchase volumes (Verhoef, Franses, and Hoekstra 2002), enhances customers recommendation intent (Fullerton 2005b; Verhoef, Franses, and Hoekstra 2002), and their intention to stay in the relationship.

Affective commitment as well decreases switching (Fullerton 2005a; Wetzel, de Ruyter, and Birgelen 1998), while enhancing intentions to repurchase (Fullerton 2005b), and to recommend (Fullerton 2005a, b; Verhoef, Franses, and Hoekstra 2002). In addition affective commitment increases the willingness to support organizations and to gain more information about how to do so (Gruen, Summers, and Acito 2000).

In contrast to marketing research, the broader research body regarding employees' relationships with their employing company points to more differences in commitment facets' outcomes. Here the meta-analytical investigation of Meyer et al. (2002) demonstrates that affective commitment triggers beneficial behaviors, which are not attainable via continuance commitment. Employees with a strong affective commitment toward their employing company have lower turnover rates and display better performance during higher attendance rates. In addition, those employees perceive less work-related stress and experience higher levels of work-life balance. They engage themselves more toward the goals of the company by a variety of contractually unexpected but beneficial so-called organizational citizenship behaviors. Accordingly, results from organizational settings clearly emphasize the need to develop a deeper understanding of affective commitment's impact on desired outcomes in consumption settings. The next subchapter will explore the differing antecedents of commitment facets to shed light onto potential avenues companies might use to foster commitment motives.

1.2 Drivers of Affective and Continuance Commitment

As much as it applies to every intention, there are multiple reasons to become committed in one way or another. The evolution of these commitments is again best understood in organizational research with ample evidence from the marketing domain.

Calculative commitment is a rather rational and economic-based dependence (Gustafsson, Johnson, and Roos 2005) due to a lack of choice (Bansal, Irving, and Taylor 2004; Fullerton 2005a) or due to switching costs (Bansal, Irving, and Taylor 2004; Gruen, Summers, and Acito 2000; Verhoef, Franses, and Hoekstra 2002). These findings correspond closely to the organizational literature were availability of alternatives (Mael and Ashforth 1992) and perceived switching costs are stable main precursors of continuance commitment (Meyer et al. 2002). However, this commitment facet rests on a constrained-based relationship, whereas the next facet is closer to a voluntary dedication-based relationship.

Affective commitment is a hotter and more emotional tie (Evanschitzky et al. 2006), mainly influenced by other relationship strengtheners, as satisfaction (Fullerton 2005b; Wetzel, de Ruyter, and Birgelen 1998), trust (Bansal, Irving, and Taylor 2004; Wetzel, de Ruyter, and Birgelen 1998), and service quality (Fullerton 2005a). Yet, a main precursor in organizational settings had not been taken into account until now: Individuals' tendency to identify with a company (Bergami and Bagozzi 2000; Meyer et al. 2002). This lack of research is surprising but might stem from the fact that affective commitment is frequently defined as identification with, involvement in, and emotional attachment to the organization (Allen and Meyer 1996), posing a difficulty to recognize the distinct character of identification and affective commitment. Part II will dedicate a subchapter (2.3) to clarify their interrelation.

In managerial practice the ‘continuance commitment approach’ became already a frequent relationship management instrument. Current customer bonus programs, loyalty cards and frequent flyer programs especially aim at enhancing customers’ continuance commitment via economic incentives. With every shopping token received as bonus points or collected coupon, customers’ switching costs and subsequent continuance commitment rises. Unfortunately, competitors can easily copy these bonding mechanisms and a potential advantage quickly evaporates.

Strategically, the emotional route to relationship stability may be particularly advantageous (a) because of competitors’ difficulties to copy antecedents and (b) because emotions rather shape the preferable dedication-based relationship (Hennig-Thurau, Gwinner, and Gremler 2000). Customers who solely stay in the relationship due to scarcity of alternatives or switching costs might easily switch once these barriers have faded. In general, it can be expected that the consequences of affective commitment, as they correspond to a dedication-based relationship, are more promising than those based on forced or continuance commitment which can rather be seen as a constraint-based bonding approach – with low emotions (Hennig-Thurau, Gwinner, and Gremler 2000). Since affective commitment is much closer related to customers’ internal motivation of desiring the indefinite lasting of the relationship, the following paragraphs will turn attention to the powerful ingredient of affective commitment, known from organizational studies: Identification with companies (Albert, Ashforth, and Dutton 2000). Arguing that “meaning is what links people, places, objects, and ideas to one another in expected and predictable ways” (Heine, Proulx, and Vohs 2006, p. 89), it might not only be valid in an organizational setting (Bergami and Bagozzi 2000) that the identity of a company can lead to strong and meaningful relationships.

2 Customer Relationship Building via Identification

From a customer perspective, "reduction of choice is the crux of their relationship marketing behavior" (Sheth and Parvatiyar 1995, p. 256). Referring to this relational behavior it can be said that customers decide to repurchase from a single firm in order to gain certain benefits - those are either tied to the product or to the relationship itself (Bagozzi 1995; Hennig-Thurau, Gwinner, and Gremler 2000). Initially, satisfaction discriminated well between alternative relationship partners. Now, in a market where customers perceive fewer differences on satisfaction or functional performance, it has to be expected that they turn attention also to other values that allow them to justify their loyalty (Simonson and Nowlis 2000). In this regard, the strategic importance to match product image and consumer's identity has already been claimed half a century ago (Grubb and Grathwohl 1967; Martineau 1958; Vitz and Johnston 1965). People consume to demonstrate their being (Belk 1988), to signal a distinct identity (Berger and Heath 2007), and to construe their self (Escalas and Bettman 2005) – in short, they use consumable identity markers to affirm their own identity (Elsbach 2004). As a consequence, customers' choice patterns are affected by the identity of products (e.g. Lee and Shavitt 2006) or brands (e.g. Schouten and McAlexander 1995). But not only do these 'objects' benefit from superior attractiveness in customers' choice set, they moreover seem to affect the relationship itself. Even brands, being rather abstract consumption entities, manage to develop strong relationships with their customers on the basis of shared meaning - obvious in customers' brand love (e.g. Albert, Merunka, and Valette-Florence 2008) or customers' active participation in brand-centered activities (e.g. Belk and Tumbat 2005; McAlexander, Schouten, and Koenig 2002; Schouten and McAlexander 1995).

These phenomena have recently raised the question: Can companies equally benefit from customers who relate their self to them? (Bhattacharya and Sen 2003). If so, customer-company identification would offer a relationship marketing strategy that would benefit both: Company and customer. On the one hand, it would be less prone to simple imitation by company competitors; on the other hand, it would provide customers with an additional value to differentiate alternatives. Customers might be supported in reducing their choice set, similar to identification effects in customers' product choices (Belk 1988; Berger and Heath 2007; Lee and Shavitt 2006).

The following subchapters will focus on the process of how customer-company identification establishes strong and meaningful relationships. In order to pinpoint the identity relevant image proposition of a company, the first subchapter begins with an outline of the more familiar brand associations before the identity relevant meaning of companies is introduced. Afterwards, Bhattacharya and Sen's (2003) framework of consumer-company identification[1] will be extended by explicitly integrating customers' (affective) commitment to the company as the main motive for loyalty.

2.1 Brand and Company Identity

Basically, a brand "is simply a collection of perceptions held in the mind of the consumer" (Fournier 1998, p. 345). These perceived associations refer in essence to either functional or symbolic values of the brand (Ambler et al. 2002; Bhat and Reddy 1998; Keller and Lehmann 2006). As such Coca-Cola's functional utility of being a refreshing soft drink is augmented with being a distinct symbol of tradition, patriotism, friendliness, and American as investigated by Slater (2001). The answer to the question of 'How customers come to select brands?' is more and more seen in the overlap of symbolic meaning between consumption entity and customers' self (e.g. Escalas and Bettman 2005; Hong and Zinkhan 1995; Lee and Shavit 2006; Schouten and McAlexander 1995). One approach to systemize these different brand associations is to capture their underlying brand personality dimensions (Aaker 1997;

[1] Later research refers to it as customer-company identification (e.g. Ahearne, Bhattacharya, and Gruen 2005).

Fournier 1998). Yet, to understand how brands map onto customers' self, it is not enough to simply assess the degree of overlap between customer's and brand's personality traits, as some brand traits are more central for customers perception of the brand than others (Aaker 1997, p. 353).

The customer-company identification framework expands the scope of marketing beyond management of the brand and focuses on the companies behind brands (Ahearne, Bhattacharya, and Gruen 2005; Bhattacharya and Sen 2003). In general, a company's identity is signaled via various communication channels as e.g. products, employees, other customers, company sponsored events, or corporate communications. Customers' overall perception of the company's identity is termed *image*, to emphasize the knowledge gap between message sender (company) and recipient (customer) (for a profound outline see Cardador and Pratt 2006). When evaluating a given company's image, organizational research highlights that customers do not take all associations into account as e.g. Coke's Santa Claus. They rather concentrate on the most central, enduring, and distinctive associations that indeed seem to define the core organizational identity (Albert and Whetten 1985; Dutton, Dukerich, and Harquail 1994). Only associations which fulfill these criteria can be argued to make up the stereotypical identity of a company. A company like Benetton might thus be perceived as "vibrant, progressive and multi-cultural" and these stereotypes are more than a figure of speech, as they describe characteristics of a company that become more or less relevant for members or outsiders who get into contact with the organization (Haslam, Postmes, Ellemers 2003, p. 359). Further, customers use these stereotypes to judge companies as having an attractive identity or not (Bhattacharya and Sen 2003). The next subchapter will develop a deeper theoretical understanding of the formation of identification.

2.2 Customer-Company Identification

A growing body of research demonstrates, that customers' identification with companies gains increasing prominence in marketing research (Ahearne, Bhattacharya, and Gruen 2005; Bagozzi et al. 2005; Bhattacharya, Rao, and Glynn 1995; Homburg, Wieseke, and Hoyer 2009; Lichtenstein, Drumwright, and Braig 2004). In contrast to other identity related approaches in marketing (e.g. ideal self vs. actual self), customer-company identification research draws on a theory that sees the individual self in its social context:

Social Identity Theory: To explain consumption patterns, stemming from congruence between company image and customer identity, marketing research draws on the profoundly elaborated social identity theory (Tajfel 1978, 1982; Abrams and Hogg 1990; Kramer 1993). The theory founder Tajfel (1978, p. 63) argues that a social identity is "that part of an individual's self-concept which derives from his knowledge of his membership of a social group (or groups) together with the value and emotional significance attached to that membership". Thus, within the definition of social identity three internal criteria are reflecting an individual's identity: (1) a cognitive component, expressing the awareness of belonging to a specific group by definition of shared characteristics, (2) an evaluative component, describing the "positive or negative value connotation" of "the group and/or of one's membership", and (3) an emotional component, catching the emotional significance of the membership as entailed in affective commitment (Tajfel and Turner 1986, p.15; Tajfel 1978). To put some flesh on the bone - based on the cognition of belonging to a certain group emotions arise toward the self (in form of self-esteem) and toward the group (in form of affective commitment). Disentangling the arising emotions from pure identification, Dutton, Dukerich, and Harquail (1994, p. 242) argued that identification is "the cognitive connection between the definition of an organization and the definition a person applies to him- or herself". Exactly this connection is termed 'customer-company identification' and targets the cognitive oneness between customer and company (Ahearne, Bhattacharya and Sen 2005).

Prevailing Research Setting: Most research on customers' identification with companies has been conducted in settings where customers interact rather intensively with the focal company or its representatives, e.g. brandfests or company/brand communities (Ahearne, Bhattacharya, and Gruen 2005; Bhattacharya, Rao, and Glynn 1995; Bagozzi et al. 2005; McAlexander, Schouten, and Koenig 2002). Unfortunately, these settings are limited in their generalizability. First, the dominant amount of customers engages in short-time purchase contacts. It is therefore unclear what the prevailing research samples indicate for the 'normal' customer population that does not seem to seek intense contacts. Further, these settings enhance customers' embeddedness in the social network that surrounds the company (e.g. other customers, company representatives) (Scott and Lane 2000). With increased embeddedness customers define themselves rather as in- than outsiders, which gives them some kind of 'membership' status. Consequently, customers in these settings are more likely to define themselves in terms similar to the company's identity (Rao, Davis, and Ward 2000) in order to justify their doing. Third, these settings increase the salience of the company identity (Dutton, Dukerich, and Harquail 1994; Hogg and Terry 2000; Reed 2002), because participating customers will automatically emphasize (a) the differences between 'their' company and others (b) and their similarity to those companies they have chosen to patronize (see Turner 1985 for a similar line of thought as well as Brewer 2001). This enhanced salience in turn fosters participants' identification, as well as positive attitudes and behavior (Hogg and Turner 1985). Since identification phenomena are strongly context depending, findings in these settings might overestimate the relevance of customers' tendency to identify with companies, because in ordinary consumption settings customers have nearly no contact with other company admirers and only limited contact points with the focal company itself. The importance to extend identification research into contexts that are less similar to memberships has already been emphasized (Brown et al. 2006; Bhattacharya and Sen 2003; Cardardor and Pratt 2006). To better understand how and why customers assess their identification in less interactive settings, it is advisable to turn once more to social identity theory and its theoretical advancement.

Self-Categorization Theory: Tajfel's student Turner (e.g. 1982, 1985) repositioned social identity theory into self-categorization theory[2]. Turner's reposition focused on the relatively underdeveloped analysis of the cognitive identification processes (Haslam, Postmes, and Ellemers 2003; Hogg and Terry 2000) and addresses the question: 'How do people judge that they do or do not belong to a certain group?' Turner (1985) concludes that a person's identity can, in contrast to any detailed portrayal, be interpreted on an abstract categorical level that describes stereotypical characteristics of the individual. These self-referential categories base "like all categories on the perception of intraclass similarity and interclass differences between stimuli" (Turner 1985, p. 94). The core idea is that people stereotype themselves just as they stereotype other entities (equivalent to Rosch's (1978) prototypes). A high similarity between both stereotypes leads to self-categorization (i.e. identification) and offers a guide for action (Hogg and Terry 2000; Turner et al. 1987). Correspondingly, customer-company identification does not require any contacts, because belongingness can be purely imagined and does not need any enactment per se (Carlson, Suter, and Brown 2008).

However, the major contribution of self-categorization theory is the analysis of the social identity salience (Haslam, Postmes, and Ellemers 2003; Turner et al. 1994): 'Why are people motivated to self-categorize?' Self-categorization theory assumes that identification is

[2] Organizational research frequently draws on self-categorization theory to explain identity related phenomena, whereas marketing research refers mainly to social identity theory. Both identity theories emphasize different elements in the identification process and thus label identification constructs differently to highlight their respective focus; i.e. self-categorization refers to people's cognitive level of identification. A detailed report on similarities and differences between these theories is beyond the scope of this overview, but can be found e.g. in Stets and Burke's article (2000).

triggered by two motivations: Enhancing self-esteem and reducing uncertainty (Hogg 2005). Transferring the self-esteem motive into the customer realm, it can be argued that customers should also in their individual consumerism be motivated to detect self-supporting companies, because enhancing self-esteem is a fundamental human need (Baumeister 1998). Nevertheless, self-categorization theory stresses even more the importance of identification as a mean to reduce uncertainty (Abrams and Hoog 2004; Crocker et al. 1993; Grieve and Hogg 1999; Hogg 2005). Being uncertain is an aversive emotional state. Not surprisingly, humans are motivated to reduce uncertainty (Bar-Anan, Wilson, and Gilbert 2009). One helpful mechanism to do so is stereotyping. It reduces uncertainty by definition, because resulting categories exaggerate differences and similarities and accordingly ease judgments. More important, individuals use categorization quite purposely. They do not intend to be certain about every association available. They simply concentrate on what matters to them. "For example, one may consider art to be more important than sport, and so one would be more motivated for certainty about art rather than sport – it would matter less to feel uncertain about sport than about art" (Hogg and Mullin 1999, p. 253). Referring to this example, individuals would categorize alternative entities regarding their ability to stereotypically represent art. In this regard, stereotyping is especially helpful as it emphasizes only associations that are relevant and central. The more uncertain people are the more likely they categorize other entities on self-relevant associations (Chattopadhyay, George, and Lawrence 2004), because categorization helps "to render the social world a meaningful and predictable place in which we can act efficaciously" (Hogg 2005, p. 206).

Consumption decisions are also accompanied by certain degrees of uncertainty. For brands it is known that their credibility and consistency reduces customers' uncertainty (Erdem and Swait 2004; Erdem, Zhao, and Valenzuela 2004). Further, a brand's credibility is higher when the brand's attributes are signalled via various communication channels (Erdem and Swait

1998 cf. Erdem and Swait 2004). Transferring these findings to companies, it can be expected that customers will turn attention to company stereotypes in order to reduce uncertainty. As a company's identity is signalled via various communicators, the derived company stereotypes credibly reflect the core identity for what the company stands for. If this identity corresponds to customer's identity, s/he should have a more positive attitude toward the company, similar to what has been demonstrated for brands (Bolton and Reed 2004). For instance, a customer who defines her-/himself as a business wo-/man might favor the cell phone provider Blackberry over Nokia, because Blackberry is more stereotypic for business purposes as it should be the case for Nokia. These stereotypic company images induce different consumption expectations, which might reduce customer's scepticism about the company's products regarding their usefulness for business purposes. Correspondingly, customers should favor companies that signal a similar identity on relevant stereotypes; because "similarity is expected to signal goal compatibility and consequently generates greater trust" (Bendapudi and Berry 1997, p. 24) as findings from business-to-business settings indicate (Doney and Cannon 1997; Palmatier et al. 2006). Not to forget that identification-based choices help to support customers' individuality and enhance their self-esteem (Escalas and Bettman 2005; Lee and Shavitt 2006). Consequently, it is not surprising that customer-company identification researchers (Bhattacharya and Sen 2003) expect that a company's identity should contribute to its attractiveness even in less salient or embedded contexts.

The next subchapter moves one step further and elaborates why customer-company identification should also strengthen the customer-company relationship itself and draw attention to the other emotional outcome of self-categorization: Affective commitment toward the identification target (Tajfel 1978).

2.3 Customer-Company Identification and Affective Commitment

"People do not so much identify with those they like,
as they begin to like those with whom they identify."
(Scott, 1997, p.103)

Customer-company identification researchers argue that identification could represent the "psychological substrate for the kind of deep, committed, and meaningful relationships that marketers are increasingly seeking to build with their customers" (Bhattacharya and Sen 2003, p. 76). To demonstrate this effect, previous marketing studies have linked customer-company identification directly to intended behavior. Unfortunately, this represents a short-cut evaluation, because "cognitions, by themselves, cannot move one to act" (Bergami and Bagozzi 1996, p. 5). In addition, customer-company identification settings often center on brand-product tokens (e.g. Ahearne, Bhattacharya, and Gruen 2005). Consequently, it is unclear to what extent customers' loyalty intentions indeed refer to the company itself, instead of loyalty due to the product's ability to facilitate self-expression toward others. It seems therefore important to include customers' commitment motivation, as this would be more diagnostic regarding the effect of customer-company identification on customers' motivation to maintain the relationship. Unfortunately, current marketing research provides no answer to the interplay of identification and affective commitment, and moreover the scarce research on affective commitment does not disentangle affect from identification.

Marketing Research: Customers' affective commitment is frequently defined as the individual's "identification with, involvement in and emotional attachment to the organization" (Allen and Meyer 1996, p. 253). This most widely used definition obviously distracts from distinguishing antecedents, consequences, and the focal construct itself. Studies in marketing, following this most popular definition, frequently try to tap affective commitment via measures as “I feel a strong sense of identification with GAP” or “I identify with the [service provider]” (Fullerton 2005b, p. 103 or Evanschitzky et al. 2006, p. 1211). Approaches like these are unable to distinguish between identification leading to affective commitment and identification being a constituent of affective commitment. It seems that Allen and Meyer’s (1996) commonly cited definition overshadows the fact that they did not recommend to measure identification itself when assessing affective commitment. A deeper elaboration of the interplay between identification and affective commitment offers organizational research.

Organizational Research: Identification with and commitment to companies has been most intensively studied in employee-employer contexts. Here, achieving a good fit between employees and their employing company is for long time known as a key to success (Parsons 1909) – to the benefit of both employee and company. Consequently, organizational psychology is the domain which first began to be concerned about the confounding of affective commitment and identification (Edwards 2005; Meyer, Becker, Van Dick 2006; Riketta 2005; Van Dick, Becker, and Meyer 2006). The first who empirically disentangled both concepts were Bergami and Bagozzi (2000). In line with experimental support (Ellemers, Kortekaas, and Ouwerkerk 1999) they argued that self-categorization and affective commitment are related but distinct constructs of group members’ social identity. Further, they followed Tajfel’s (1978) line of thought who argued that the affect toward the identification target (i.e. liking) is not the basis for identification – it is the resultant arising from identification. Bergami and Bagozzi’s (2000) findings strengthen the importance to avoid confusing the ‘content of a particular identity’ with the ‘strength of people’s ties toward the identification object’ captured by the term affective commitment (Ellemers, Spears, and Doosje 2002). In this regard, Bergami and Bagozzi’s (2000) self-categorization scale is an important contribution as it allows to measure the perceived overlap between customers' self-identity and perceived identity of the organization. Half visually, half verbally, the scale's strength is to purely assess cognitive identification, free of any emotion. Since its advent their scale has been the first choice for customer-company identification researchers (Ahearne, Bhattacharya, and Gruen 2005; Bagozzi et al. 2005; Brown et al. 2005; Lichtenstein, Drumwright, and Braig 2004).

2.4 Contributions of Article 3

***Customer-Company Identification and Affective Commitment are Distinct Loyalty Elements*:** The foremost important contribution of article 3 is that customer-company identification profoundly differs from affective commitment. The contributing article demonstrates that customer-company identification can be seen as a value that strongly contributes to relationship building, because customers who identified with the company more often agreed that 'they feel emotionally attached to the company'. This finding supports what previously has been assumed purely theoretically: Customer-company identification is indeed the substrate for "the kind of deep, committed, and meaningful relationships that marketers are increasingly seeking to build with their customers" (Bhattacharya and Sen 2003, p. 76). Further, disentangling the emotional and cognitive elements of customers' identification is important, in order to assess the relative influence of satisfaction and customer-company identification on this superior level of relationship commitment (Dwyer, Schurr, and Oh 1987). Assuming that affective commitment is solely influenced via identification would be a too simplistic assumption, as affective commitment is also enforced via satisfaction (Fullerton 2005b). In this regard, article 3 demonstrates that even beyond individual satisfaction levels, a company image makes customers 'stick' (Heath and Heath 2007).

The integration of customers' affective response is especially important when estimating outcome effects, because customer-company identification is only an indirect driver of company supportive actions (subchapter 3.2 will elaborate this link). This is another reason why the integration of affective commitment contributes to existing customer-company identification research (Ahearne, Bhattacharya, and Gruen 2005; Bhattacharya and Sen 2003; Homburg, Wieseke, and Hoyer 2009; Lichtenstein, Drumwright, and Braig 2004).

Distinct Company Stereotypes → Customer-Company Identification: Article 3 demonstrates that customer-company identification is based on stereotypic associations that typically describe a company. Contrary to previous findings (Ahearne, Bhattacharya, and Gruen 2005) article 3 reveals the existence and relevance of distinct company stereotypes that foster customers' identification. In contrast to any overall score of associations, these distinct stereotypes allow a strategic positioning of those stereotypes that attract the most important customer segments. As customers also hold meta-cognitions of brand or company associations (Lee and Shavitt 2009) such an approach can help to detect suitable alliance partners that share salient company stereotypes with each other and potentially attract similar customer segments.

Existence of Customer-Company Identification in a Less Interactive Setting: Most research to date, centering on customer-company identification, has been conducted in contexts with the previously mentioned shortcomings of embeddedness and heightened identity salience. Article 3 explores the effect of customer-company identification in a rather 'everyday consumption setting': Customers' identification with a retailer. Retailers can be seen as companies behind brands, as they sell other brands, but most often they are not the only place where these brands or products are available. Consequentially, this setting is especially suitable to assess the more general relevance of customer-company identification in fostering customer relationships.

Taken together the findings of article 3 support the notion that customer-company identification strengthens customer-company relationships. This effect can even be enhanced by emphasizing those company stereotypes that are most influential in establishing cognitive ties. From a managerial perspective, the above mentioned findings introduce a mechanism that can boost customers' affective bonds beyond offering satisfaction. It might thus not surprise that a current meta-analytical investigation (Palmatier et al. 2006) regarding the effectiveness of different relationship marketing strategies found that the similarity between buyer and seller regarding commonality in appearance (Crosby, Evans, and Cowles 1990) or similarity in values (Morgan and Hunt 1994) is one of the three most beneficial forces in relationship marketing. A crucial benefit of a customer-company identification bonding strategy is the increased difficulty for competitors to easily and credibly copy such an image position. Given that self-categorization, as outlined above, is more likely to be relevant in situations of uncertainty it is especially noteworthy that the empirical results strongly support the relevance of customer-company identification in a consumption setting that is rather characterized by low levels of uncertainty. Deriving from the social identity approach it has to be expected that customer-company identification gains additional relevance in settings which either involve products that are important for communicating one's self to significant others or in purchase decisions that involve a certain degree of risk. Consequently, the benefits of customer-company identification are likely to be even more profound in other consumption settings, as e.g. choosing a hotel for the summer vacation or buying a new car.

3 Customers' Company Support

"Business competition used to be a lot like traditional theater:
On stage, the actors had clearly defined roles, and the
customers paid for their tickets, sat back, and watched passively.
…
Now the scene has changed,
and business competition seems more like the experimental theater of the 1960s and 1970s;
everyone and anyone can be part of the action."

(Prahalad and Ramaswamy 2000, p. 79)

When examining customers' behaviors most studies emphasize their repurchase and recommendation intention – as those trigger behaviors that are central to two competitive advantages: Obtaining high rates of customer retention and building a priceless avenue toward recruiting new customers. However, these actions capture only a part of customers' support. Some customers even tattoo the company's logo on their biceps to communicate their belongingness by using the company's most central communicative element. Beneficial behaviors besides this dedicated promotion include: Showing resilience to negative information, actively encouraging friends to visit favorite shopping locations, suggesting improvement chances, or helping other customers. These voluntary and supportive customer performances (Bettencourt 1997) highlight the possibility and importance to broaden the scope of customers' behaviors beyond pure repurchase or recommendation. Moreover, integrating behaviors other than recommendation becomes especially important in a marketing landscape which gravitates toward a service dominant logic (Vargo and Lusch 2004) and emphasizes the need to co-create value with customers (Prahalad and Ramaswamy 2004a, b, c).

3.1 Customers' Extra-Role Behaviors

Similar to commitment and identification, once again organizational research has most profoundly investigated the 'good soldier' phenomenon of humans, which lubricate the social machinery of an organization and help to reduce the workload of supervisors (Bateman and Organ 1983; Konovsky and Pugh 1994). Most recognized examples include: "Helping co-workers with a job related problem; accepting orders without a fuss; tolerating temporary impositions without complaint; helping to keep the work area clean and uncluttered; making timely and constructive statements about the work unit or its head to outsiders; promoting a work climate that is tolerable and minimizes the distractions created by interpersonal conflict; and protecting and conserving organizational resources" - Bateman and Organ (1983, p. 588) have been the first to term these acts 'citizenship' behaviors. Since those behaviors go beyond the usually contractually defined duties, they have later been referred to as extra-role behaviors (MacKenzie, Podsakoff, and Ahearne 1998). This definition highlights the special character of those behaviors. Extra-role behaviors are neither expected by definition nor financially rewarded by the organization; a well known example of those behaviors is recommendation. The following will elaborate the most prominent behaviors of organizational support including sportsmanship, helping, civic virtue (Podsakoff and MacKenzie 1997), and co-creation and moreover sketch how they matter in consumption settings.

Sportsmanship behavior captures the biased processing of negative information. Customers who identify with a company demonstrate sportsmanship via resilience to negative information (Bagozzi et al. 2005). Based on feelings of belongingness people are unable to psychologically distance themselves from failures (Madrigal 2001). As negative information is generally seen as more diagnostic and people give greater weight to negative information (Einwiller et al. 2006) this biased processing offers competitive advantages. Further, with increasingly easy access to company ratings via the internet, sportsmanship behavior devaluates negative information and might even invite company admirers to respond to unfair perceived critics with positive company information. A reason why customers are motivated to react defensively is seen in their identification level with the company (Bhattacharya and Sen 2003).

Helping captures, in organizational research, a variety of behaviors which support co-workers by altruism, courtesy, cheerleading or peacemaking (Organ 1988). As customers are integrated more and more into the co-production of service (e.g. using ATMs instead of bank staff), customers who come to help other customers during the service delivery support customers and service employees likewise. This support might be especially valuable as customers can be assumed to have a profound understanding of possibly arising difficulties. Following this line of thought Groth (2005 p. 62) argues that customers are "a valuable source [... that] can help train other customers" in the sense that they might willingly help other customers in finding products if asked, or might even voluntarily assist them in their shopping needs, while being attentive for recognizing other customers' need for assistance.

Civic virtue reflects employees' concern about the life and goals of the company and is evident in behaviors as taking the initiative to suggest improvement chances (MacKenzie, Podsakoff, and Ahearne 1998). In a customer setting Bettencourt (1997) argues that the customer is an inexhaustible resource of expertise, rooted in a wide range of experiences with the service and products of a company. Customer Comment Cards reflect the value that practitioners attach to their customers' advice. Their knowledge can open up new opportunities in discovering successful business strategies. For example L.L. Bean, a retailer that is specialized in outdoor clothing and recreation equipment, introduced in the early 90th a children's line of clothing, which is still part of their offering. Their successful extension was solely initiated by customers' advices as Jacob reported (1994). As "knowledge is the fundamental source of competitive advantage" (Vargo and Lusch 2004, p. 9), the integration of customers into the creation of a valuable experience is important.

Co-creation roots from the new logic of value creation where customers are no longer seen as passive audience, but rather as active players in the value creation process (Prahalad and Ramaswamy 2004a; 2000). Co-creation moves beyond civic virtue as it does not only listen to customers' suggestions, it further gives more weight to the customer's viewpoint and actively starts to integrate customers in the process of shaping the best experience environment. Due to the construct's new appearance in academia, no definition of co-creation is currently available. For the same reason co-creation is not part of the original conceptualization of customers' extra-role behaviors. It should be noted that the concept's content differs from co-production (with some exception as e.g. Gruen, Summers, and Acito's (2000) study). Whereas co-production simply delegates some employee work to the customer, co-creation advances the customer to a managerial relevant company consultant. With regard to the rising interest in customer co-creation this concept will be investigated in article 3 and logically integrated under the general term extra-role behavior, reflecting customers' free will to join the dialogue.

3.2 Contributions of Article 3

Customer-Company Identification → Affective Commitment → Extra-Role Behaviors: Having illustrated how extra-role behaviors conceptually provide different avenues to competitive advantage, it is important to reveal the forces that promote these supportive actions. Generally, it has been argued that "those who identify are also more likely to want to go the extra-mile on behalf of the organization" (Edwards 2005, p. 207). While marketing frequently refers to social identity theory to explain customer-company identification outcomes, current research neglects the affective component of this identification (Ellemers, Kortekaas, and Ouwerkerk 1999). This is especially problematic, as cognitions cannot motivate actions. Article 3 contributes to current knowledge in marketing by disentangling both constructs and giving empirical support that the affective commitment component of identification is the only direct driver of intentions to act. In contrast to existing research on customer-company identification, article 3 demonstrates that identification is only indirectly levering beneficial intentions via its strong impact on customers' affective commitment to the company.

Distinct Extra-Role Behaviors: Previous studies in marketing tend to lump extra-role behavior facets together (Ahearne, Bhattacharya, and Gruen 2005) so that any information of their individual performance is lost. Article 3 demonstrates that distinct extra-role behaviors exist and, moreover, offers a measure to assess the newly arising topic of co-creation with customers. This is especially important as article 3 shows that satisfaction promotes some facets, but also hinders the evolution of other extra-role behaviors that are seen as relevant in the current market(ing) landscape.

Motivated by ~~Continuance Commitment~~ Affective Commitment: The motivation to support a company's goals above average has a longstanding history in management. A century ago Taylor (1911) seemed to have recognized a most powerful motivator to employees' performance: Timely financial rewards. Unfortunately, this approach to motivation turned out to be too inhuman, cold, and mechanistic. Although making some contribution to individuals' performance at work, this approach seems not to tap "workers' own beliefs about their reasons for working hard" (Haslam, Powell, and Turner 2000, p. 321). Lower order needs as financial security (Maslow 1943) seemed to be overestimated as McGregor (1960) argued, whereas individualistic needs were underestimated (Herzberg 1966). Article 3 follows Allen and Meyer's (1996) conceptualization to assess the relevance of continuance and affective commitment on company supportive intentions. It thus follows Bettencourt's (1997, p. 383) line of thought: "A genuine customer orientation and focus on relationship marketing requires development of a better understanding of how firms can motivate their customers as partners in service delivery". In line with meta-analytical investigations (Meyer et al. 2002) in employee-company relationships, article 3 empirically supports that also in customer-company relationships continuance commitment possess no lever to extra-role behaviors, whereas affective commitment enhances them strongly. As a result we have to conclude that even in an 'ordinary' customer setting emotional bonds are far more diagnostic than their rather calculative counterpart for the true value that customers attach to the relationship.

“The basis on which good repute in any highly organized industrial community ultimately rests is pecuniary strength; and the means of showing pecuniary strength, and so of gaining or retaining a good name, are leisure and a conspicuous consumption of goods.”

...

“The means of communication and the mobility of the population now expose the individual to the observation of many persons who have no other means of judging of his reputability than the display of goods (and perhaps of breeding[3]) which he is able to make while he is under their direct observation.”

(Veblen 1899, pp.46-47)

3 Sense of manners and education (comment by author).

4 Customers' Needs for Self-Definition

"Customers are likely to be attracted to a company identity that helps satisfy at least one of their three basic self-definitional needs: self-continuity, self-distinctiveness, and self-enhancement"

(Bhattacharya and Sen 2003, p. 79)

Implicitly and explicitly people are engaged in impression management (Goffman 1959). In their role as customers, they purposely select consumption entities to match and communicate their self-defining identity (e.g. Belk 1988; Kleine, Kleine, and Allen 1995; Malhotra 1988; Reed 2004). Recently, it has been argued that companies are attractive identification targets if they fulfill one or more self-definitional needs (Bhattacharya and Sen 2003): Self-continuity, self-enhancement, and self-distinctiveness (Baumeister 1998; Dutton, Dukerich, and Harquail 1994). Self-continuity refers to individuals' need to display a stable image over time (Steele 1988). As a result customers should be stronger attracted by images that are congruent to their own 'historical' identity and that have been cultivated authentically (Gilmore and Pine II 2007; Leigh, Peters, and Shelton 2006; Reed 2007). Self-enhancement focuses on attributes, which are not only in line with individuals' personality characteristics, but are judged as being especially positive and hence self-supporting. Those images therefore enhance the attractiveness of a given identification target by signaling most beneficial attributes, that are still in line with the previously signaled personality of the owner. As a result customers might not only be connected to this identity, but also experience more self-esteem due to the outstanding positivity of these associations. But to communicate their identity unmistakably, people feel especially attracted by identification entities that signal high conformity with an aspirational group and minimal conformity with opposing groups. This third self-definitional need for distinctiveness will be elaborated in the next subchapter.

4.1 Self-Distinctiveness

People derive inferences from first impressions – so strongly that conventional wisdom advises: 'Don't judge a book by its cover!' In order to communicate a clear and most suitable identity, people seek to accentuate their own distinctiveness in interpersonal contexts. Drawing on social identity theory and research, Brewer (1991) argued that people are particularly motivated to identify when they perceive the identification target to differ in a meaningful way from other potential identification entities. In this regard, identification is not only meaningful in terms of what kind of characteristics the company includes, but also excludes (Elsbach and Bhattacharya 2001). Hence, if an organization offers values and practices which are distinct in relation to other comparable organizations, people display a stronger tendency to identify with this organization (Ashforth and Mael 1989; Tajfel and Turner 1986). Consequently, organizations that represent a unique identity, distinct from competitors, have a stronger potential to serve as an attractive identification target, because they facilitate a distinctive self-expression.

Parallel to customers striving for self-distinctiveness, companies also try to impress with desirable benefits that stand out from competitors. Kotler et al. (2008) summarize some distinct company/brand images as stereotypic perception: Volvo equals safety, Harley-Davidson equals adventure, Nike equals performance, Lexus equals quality, and FedEx stands for guaranteed overnight delivery. Those companies or brands systematically attract customers who value these characteristics. For simplicity, it might be argued that the biker is looking for some adventure and a Harley might represent his adventure seeking better than any BMW – and even if BMW drivers would start to drive Harleys, they still can be excluded by definition. Schouten and McAlexander (1995) nicely illustrate that Harley bikers indeed preserve their core identity by labeling subgroups as 'weekend warriors' or 'retired idiots on tour' to psychologically distance themselves from inauthentic perceived subgroups. Similarly, Belk (2004, p. 275) reported that Porsche owners attribute different identities, depending on the actual type of Porsche: "People that buy 944's or 928's have major ego problems. They know nothing about Porsche. They buy them for the ego trip." These observations correspond closely to Brewers optimal distinctiveness theory (1991).

4.2 Contributions of Article 4

While the articles 3 and 4 have overlapping contributions, this subchapter is restricted to those that differ from the previously reported contributions regarding article 3.

Company Distinctiveness enhances Customer-Company Identification: In article 4 Bhattacharya, Rao, and Glynn's (1995, p. 54) argument that "Identification is not simply a bilateral relationship between a person and an organization, isolated from other organizations, but a process in a competitive arena." is tested. The empirical findings of article 4 support the hypothesis that a company's distinctiveness indeed enhances customer-company identification.

Future Visits & Revenues: To augment the practical relevance article 4 links customer-company identification via affective commitment onto behavioral (number of visits) and financial outcomes (revenues). The results demonstrate that affective commitment strongly enhances both outcomes. In comparison to satisfaction, the influence of customer-company identification for affective commitment is much stronger. Consequently, a company's image is one aspect that customers use as a relationship basis and that in turn guides their relationship behavior.

The findings in article 4 offer a profound mechanism to explain why a top consulting agency found a simple pattern, stable across discounters, department stores, general merchandisers, and big-box retailers: The stronger a retailer's position on quality, distinctiveness, and consistency, the higher is the retailer's annual sales per square foot (Henderson and Mihas

2000). This is most notably important against the background, that image differentiation is regarded as a fruitful avenue for retailers to stay competitive (Burt and Mavrommatis 2006; Lee and Shavitt 2006). Furthermore, retailers face increasing pressure to understand drivers, other than satisfaction, in order to foster customer loyalty (Ailawadi and Keller 2004; Bolton, Grewal, and Levy 2007; Jones and Reynolds 2006; Puccinelli et al. 2009).

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Part III: Contributing Articles

1 Article 1

Marcel Paulssen and Angela Sommerfeld

Assessing Nonlinear Effects of Attribute Satisfaction on Loyalty

Abstract

While satisfaction is one of the best understood constructs in marketing, research examining the complex nature of its impact remains sparse. The majority of past research has modeled satisfaction to linearly influence outcomes. It is thereby implicitly assumed that every increase on satisfaction attributes will yield the same enhancement on the corresponding judgment. Although various researchers have called for more elaborate analyses, the techniques that are needed to assess potentially linear and nonlinear effects are technically demanding. Nevertheless, from a managerial perspective the functional nature that actually does link attribute satisfaction to customer loyalty is extremely important in order to determine improvement prioritizations. Our study empirically demonstrates an alternative structural equation model that on the one hand allows testing for multiple nonlinear effects and, on the other hand, takes into account that customer judgments are reflective latent constructs.

Assessing Nonlinear Effects of Attribute Satisfaction on Loyalty

Customer satisfaction is a key relationship marketing strategy (e.g. Cronin and Taylor 1992; Luo and Homburg 2007; Oliver and Swan 1989). Given that satisfied customers display higher levels of intended and actual loyalty (e.g. Gustafsson, Johnson, and Roos 2005; Mittal and Kamakura 2001; Olsen 2002; Szymanski and Henard 2001), companies strive for high satisfaction judgments in order to increase their customers' loyalty and to enjoy the benefits of heightened profitability (Reichheld and Sasser 1990). Following the general expectation that satisfaction translates into profit, exceeding customers' consumption expectations became a strategic imperative. Consequently, leading companies, such as Xerox, target to achieve 100% of their customers to state that they are either 'satisfied' or 'very satisfied' (Heskett et al. 2008). But apart from the fact that both practitioners and academics agree that customer satisfaction and loyalty are linked inextricably, there is a general consensus that customer satisfaction and loyalty are not surrogates for each other (Bloemer and Kasper 1995; Oliver 1999). Especially from a managerial standpoint, increases in satisfaction only matter to the extent that they affect customer loyalty (Zeithaml, Berry, and Parasuraman 1996). Without linking satisfaction to loyalty, satisfaction can be a trap (Reichheld 1996), because improvements may not come back in terms of profit gains (Zeithaml, Parasuraman, and Berry 1990). While satisfaction is one of the best understood constructs in marketing, research examining the complex nature of its impact remains sparse. The majority of past research has modeled satisfaction to linearly influence outcomes, although various researchers have called for more elaborate analyses (e.g. Agustin and Singh 2005; Anderson and Mittal 2000; Fueller, Matzler, and Faullant 2006; Gómez, McLaughlin, and Wittink 2004; Homburg, Koschate, and Hoyer 2005).

The need for a revised analysis is stipulated by two- and three-factor theories of satisfaction (Herzberg 1966; Kano 1984; Oliver 1997) as well as prospect theory (Kahneman and Tversky 1979), which suggest to question the general assumption that increases on satisfaction attributes translate linear and symmetric into customer loyalty (Yi 1990). When examining the relevance of different satisfaction attributes, most research assumes that every increase in satisfaction will yield the same enhancement on the corresponding judgment, no matter if lifting satisfaction from ‘fair’ to ‘good’ or from ‘good’ to ‘very good’. However, following prospect theory, we have to question this linearity assumption. An important result of Kahneman and Tversky’s (1979) work is that people do not look at the level of final wealth they can attain but at gains and losses relative to some reference point and display loss aversion – a loss function that is steeper than a gain function. This implies equal-magnitude gains and losses do not have symmetric impacts on the final judgment, because losses hurt more than gains satisfy. Translating the loss aversion phenomenon to the marketing context would imply that negative attribute performance should carry more weight in a customer’s repurchase decision than equal amounts of positive attribute performance.

A somewhat more differentiated perspective on the relation between attribute performance and consumer judgment/decision making took Kano (1984). His model assumes three factors that influence overall satisfaction, which were later labeled as performance, excitement and basic factors (e.g. Matzler and Sauerwein 2002). Performance factors possess a linear relationship between perceived attribute performance and overall satisfaction, whereas both basic and excitement factors are hypothesized to possess nonlinear relationships. Basic factors are attributes of a product or service expected by the customer (e.g. clean hotel room). Basic factors are not supposed to impact on overall satisfaction in case they are fulfilled, but they have a strong impact, if they do not meet the customer’s expectations. On the contrary, unexpected attributes can be quite delightful and therefore increase satisfaction (excitement factors). Here a negative performance is hypothesized to have no impact on overall satisfaction, whereas a positive performance has a positive impact on overall satisfaction (see figure 1.1).

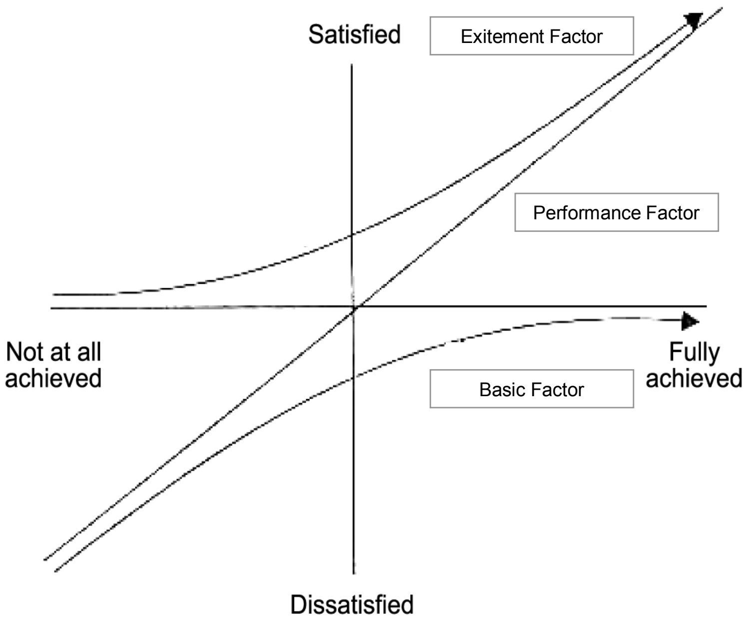

Figure 1.1: The Kano Model (1984).

Literature Review

Mittal, Ross, and Baldasare (1998) focused on prospect theory as a theoretical foundation for their study. Accordingly, Mittal and colleagues assumed that negative attribute evaluations have a higher impact on overall satisfaction than positive attribute evaluations. In order to test this proposition they used dummy-coded attributes in their regression analysis, one category 'above than expected' the other 'worse than expected'. Their results show that negative performance on an attribute has a stronger impact on overall satisfaction than a corresponding positive performance. However, their findings did not provide unanimously support for their proposition of a stronger effect of negative attribute performance. For one attribute a positive performance had a stronger impact than a negative performance. In a follow-up study Matzler et al. (2004) argued with Kano's model that it is not only overly restricted to assume just linear relationships, but that it is also problematic to assume just nonlinear relationships with negative performance always weighting more than positive performance. Based on the Kano model they argued for the existence of three types of relationships (see above). In their study they could empirically support the existence of linear relations between attribute performance and satisfaction, as well as nonlinear relationships according to basic and excitement factors. Similar to Mittal, Ross, and Baldasare (1998) they also used a multivariate regression analysis with dummy-coding of the attribute performance.

Unfortunately, the use of multivariate regression analysis exhibits some problems. Loyalty and satisfaction judgments are clearly reflective latent constructs. Not correcting latent constructs for measurement errors leads to inconsistent and attenuated parameter estimates. Furthermore, the dummy-coding of attribute performance leads to a loss of information. It is therefore advisable to use modeling approaches, which are free of the mentioned problems. Since our constructs of interest are latent, an SEM-framework would be an appropriate choice to model their potentially nonlinear relationship. In the following section we will therefore give a brief overview on approaches to model nonlinear relations within a SEM-framework.

Nonlinear Relationships within a SEM-Framework

A popular approach to model nonlinear relationships within a SEM-Framework is the multiple group approach. In a first step, sub-samples are defined by the level of the variable for which nonlinear (quadratic, interactive) effects are hypothesized (e.g. median split). Next, a hierarchy of tests is conducted to ensure measurement equality (tau-equivalence) across the sub-samples. Afterwards, a model with gamma-parameters constrained to be equal across groups is tested against a model were the gamma-parameters are allowed to differ. A central question in the multiple group approach is of course where to split the sample. While a naive median split may obscure a nonlinear relationship, quartile-splits require substantial sample sizes. Further, if the grouping variable is measured with error, assignments to groups are problematic and can lead to biased parameter estimates. Nevertheless, the multiple group approach is a practical and popular approach to model nonlinear relationships.

Kenny and Judd (1984) describe a procedure to estimate nonlinear and interactive effects, under the assumption that the latent variables are normally distributed. As shown in figure 1.2, the variances and covariances of the nonlinear factors are functions of variances and covariances of the linear latent variables. Even if measurement indicators are multivariate normal their product terms will be non-normal and any variable that is a function of nonlinear factors (XZ; XX) will also be non-normally distributed. Therefore the maximum likelihood estimation procedure of LISREL is inappropriate. Another complication of this procedure is the fact, that nonlinear constraints have to be specified. Nonlinear constraints are awkward to specify and can change dramatically when relatively minor modifications to the linear model part are made. "Utmost care must be taken to specify the constraints correctly – a single mistake has severe consequences" (Jöreskog and Yang 1996, p. 85).

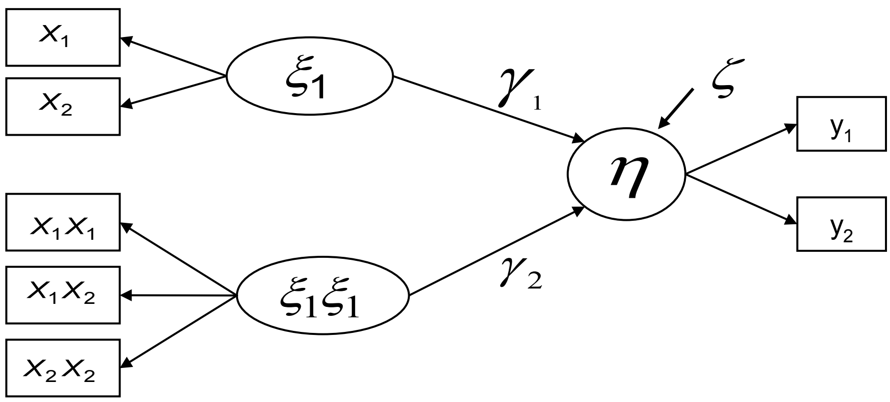

Figure 1.2: A Kenny and Judd (1984) Elementary Nonlinear Model.

Ping (1994, 1996) therefore proposes a somewhat easier to implement two-step procedure in which the measurement models of the linear latent variables are estimated first. Loading and error variances of product indicators are calculated using first-step measurement models estimates. Then the structural model is estimated with the calculated loadings and error variances of product terms set as constants. Another problem of the described Kenny and Judd model is that the multiplicative terms can lead to substantive multicollineartiy that impedes parameter estimation since quadratic or interaction measures are functions of main effect constructs. This can also be problematic for measurement models. Therefore, asymptotic distribution-free estimators that do not rely on the assumption of multivariate normality were developed for nonlinear models (Jöreskog and Yang 1996). However, the WLS-estimator uses the inverse of a fourth order moments-matrix as a weight matrix, which in the presence of product terms of indicators is not of full rank. This problem is aggravated with an increase in product terms, since they are a function of the other observed variables. Furthermore, the sample size has to be substantial (Yang-Wallentin and Jöreskog 2001). Finally, and most importantly it has to be said that all Kenny and Judd type models work only for elementary interaction and nonlinear models.

Two other approaches should be briefly mentioned here: The two-stage least squares (TSLS) approach recommended by Bollen and Paxton (1998) and the two-step method of moments (2SMM) approach by Wall and Amemiya (2000, 2003). Simulation studies showed that the two-stage least squares approach, though flexible, is substantially less efficient than other estimation techniques. The two-step method of moments procedure is in principle applicable to more complex nonlinear and interaction models but applications and simulation studies are lacking so far. We summarize this brief review with a quote by Rigdon, Schumacker, and Wothke (1998, p. 7) who stated: “Obviously, the lack of testing interaction and nonlinear effects in latent variable models in the research literature is not due to the failure of substantive arguments that suggest the presence of interaction or nonlinearity, rather the techniques are technically demanding and not well understood”.

The Quasi-Maximum Likelihood Approach by Klein

The model we like to introduce here is the Quasi-Maximum Likelihood Approach (Quasi-ML) by Klein (Klein and Muthén 2007). Klein introduces a structural equation model with a general quadratic form of latent independent predictor variables. The elementary interaction models, proposed by Kenny and Judd (1984), with interaction as well as quadratic effects are special cases of Klein's model. The proposed model covers structural equations with polynomials of degree two and is itself a special case of the general polynomial structural equation model described by Wall and Amemiya (2000).

The structural model with a quadratic form can be described by the following equation:

$$\eta_t = \alpha + \Gamma \xi_t + \xi_t ' \Omega \xi_t + \zeta_t \quad , t = 1,..., N.$$

$$\Omega = \begin{pmatrix} \omega_{11} & \cdots & \omega_{1n} \\ & \ddots & \vdots \\ & & \omega_{nn} \end{pmatrix}$$

where	η_t	is a latent dependent variable (criterion variable)
	α	is an intercept term
	ξ_t	is a (n x 1) vector of latent predictor variables
	Γ	is a (1 x n) coefficient matrix
	Ω	is a symmetric (n x n) coefficient matrix and
	ζ_t	is a disturbance variable

The quadratic form $\xi_t ' \Omega \xi_t$ distinguishes the model from ordinary linear SEM. Assumptions and notations are equivalent to linear SEMs. The problem of non-normal distributed quadratic or polynominal indicator variables is solved by a transformation, which reduces the number of non-normally distributed components of the original indicator vector to one non-normally distributed component of the transformed indicator vector. After this transformation, the model is treated as a variance function model, and mean and variance functions for the nonlinear model are calculated. A quasi-likelihood estimation principle is applied and the non-normal density function of the indicator vector is approximated by a product of an unconditionally normal and a conditionally normal density function. A Quasi-ML estimator is established by maximizing the loglikelihood function based on the approximating density function (Klein and Muthén 2007). Simulation studies indicate that the efficiency of Quasi-ML estimation is similar to ML-estimators. Quasi-ML shows high statistical power to detect latent interaction and shows no substantial bias in the estimation of standard errors (Klein and Muthén 2007). Furthermore, complex models with multiple nonlinear effects can be analyzed without excessive sample requirements.

Empirical Application of the Quasi-ML Method

We apply the Quasi-ML method to the substantive research question of nonlinear relationships between satisfaction and loyalty as developed in the theoretical part of the paper. Results of the Quasi-ML method are compared with the results of a multivariate regression with dummy-coding of satisfaction judgments (Mittal, Ross, and Baldasare 1998; Matzler et al. 2004). We conducted our study in the telecommunications industry. In total 926 customers were questioned about their intentions to repurchase and to recommend as well as about their satisfaction with the telecommunication provider’s network, tariff, and customer service. Satisfaction and loyalty intentions were measured on five-point Likert scales. The constructs and items are shown in table 1.1.

Table 1.1: Construct Operationalizations and Psychometric Properties of Measures.

Study: Customers of Telecommunication Service (N=926)						
Construct	Items	Std. Loading	Mean	SD	Indicator Reliability	Construct Reliability
Satisfaction [a)]	How would you rate your satisfaction with the following?					
Network	Network coverage in your home country	.70	3.86	0.82	.49	.77
	Certainty that conversations will not be interrupted	.70	3.64	0.90	.49	
	Being able to call with your mobile at any moment	.77	3.92	0.85	.59	
Tariff	Advantageous tariffs in general	.74	3.23	0.91	.55	.77
	Availability of tariff formulas adapted to your calling behaviour	.64	3.55	0.93	.41	
	A good general value for money	.80	3.50	0.90	.64	
Customer Service	The customer service collaborator's knowledge of products and services	.74	3.85	0.82	.55	.87
	The customer service collaborator's capability to find a satisfying solution to your problem or question	.85	3.87	0.84	.72	
	The follow-up of the promised actions by the customer service	.74	3.74	0.93	.55	
	The speed at which your problem or question gets solved	.85	3.79	0.89	.72	
Loyalty [b)]	Based on your present experience would you repurchase the service?	.75	4.44	0.85	.56	.69
	Would you recommend the service brand to friends and acquaintances?	.70	4.39	0.95	.49	

[a)] 5-point Likert scale: 1= bad, 2= less good, 3= good, 4= very good, and 5= excellent

[b)] 5-point Likert scale: 1= certainly not, 2= probably not, 3= maybe, maybe not 4= probably, and 5= certainly

In order to conduct a regression analysis analog Mittal, Ross, and Baldasare (1998), we dummy-coded the satisfaction variables. Customers scoring from 1 to 2.5 on the satisfaction scales (mean of items for each scale) were coded as ‘negative’. Customers scoring from 3.5 to 5 on the satisfaction scales were coded as ‘positive’. As shown in table 1.2, we obtained results, as predicted by Mittal and colleagues (1998), confirming that negative satisfaction has a stronger impact on loyalty, than positive satisfaction. The asymmetric impact thus confirms the nonlinear nature of the relation between satisfaction and loyalty in this initial step of our study.

Table 1.2: Results of the Dummy Regression.

	Dummy-Variable Regression Coefficients (stand.)	
Latent Variable	negative	positive
Satisfaction		
with network	-.042 $^{n.s.}$	-.001 $^{n.s.}$
with tariff	-.204***	.168***
with customer service	-.158***	.103*
R^2=.185	$F_{6, 919}$=36.05, p<.000	

*** p<.0001; ** p<.01;* p<.05; $^{n.s.}$ p>.05

As has been previously mentioned, not correcting latent constructs for measurement errors leads to inconsistent and attenuated parameter estimates in the dummy regression. Furthermore, the dummy-coding of attribute performance leads to a loss of information. Thus in a second step, we use the Quasi-ML approach to model the nonlinear relation between satisfaction and loyalty, with the following structural model.

$$\eta_t = \alpha + \begin{pmatrix}\gamma_1 & \gamma_2 & \gamma_3\end{pmatrix}\begin{pmatrix}\xi_{1t}\\ \xi_{2t}\\ \xi_{3t}\end{pmatrix} + \begin{pmatrix}\xi_{1t} & \xi_{2t} & \xi_{3t}\end{pmatrix}\begin{pmatrix}\omega_{11} & 0 & 0\\ 0 & \omega_{22} & 0\\ 0 & 0 & \omega_{33}\end{pmatrix}\begin{pmatrix}\xi_{1t}\\ \xi_{2t}\\ \xi_{3t}\end{pmatrix} + \zeta_t$$

The standardized estimates show the linear and quadratic impact of satisfaction judgments on loyalty. Satisfaction with the network has no significant impact on loyalty, whereas satisfaction with tariff and satisfaction with customer service has a negative nonlinear relationship with loyalty. Both quadratic terms ω_{22} and ω_{33} are negative and significant. Thus, the higher the actual satisfaction with both tariff and customer service the lower is the impact of a satisfaction increase on loyalty. Jones and Sasser (1995) reported a similar finding regarding the influence of global satisfaction increases on customers' loyalty to their local telephone provider. Again, these results support the proposition from prospect theory and are in line with Mittal, Ross, and Baldasare (1998) (see table 1.3).

Table 1.3: Results of the Nonlinear SEM-Model.

Quasi-ML Results		t-value	compl. stand.
γ_1	satisfaction with network	0.19	.008 $^{n.s}$
γ_2	satisfaction with tariff	6.05	.515***
γ_3	satisfaction with customer service	3.24	.176**
ω_{11}	satisfaction with network	-0.15	-.007 $^{n.s}$
ω_{22}	satisfaction with tariff	-3.23	-.209**
ω_{33}	satisfaction with customer service	-3.58	-136***

*** p<.001; ** p<.01;* p<.05; $^{n.s.}$ p>.05

Discussion and Conclusion

Companies frequently employ satisfaction studies to monitor their performance on various attributes of the product or service. These ratings are typically linked to customer loyalty in order to determine those attributes which most profoundly impact loyalty. The results are often used for resource allocation decisions and prioritize the investment into those attributes that most profoundly affect customer loyalty. In light of potentially nonlinear linkages between attribute performance and loyalty these analyses can lead to suboptimal investments as they merely offer an average effect. Given that customer satisfaction is already on a high level, it is extremely important to be able to determine the relevance of satisfaction increases. However, modelling potentially nonlinear relationships between reflective constructs is far from being straightforward especially with multiple nonlinear terms (e.g. Rigdon, Schumacker, and Wothke 1998).

As has been shown in this brief paper, the Quasi-ML method provides a relatively manageable approach to model nonlinear relationships in a SEM-framework. Particularly for the substantive research question at hand, where multiple nonlinear effects had to be estimated simultaneously, the discussed multiple groups and Kenny and Judd type models offer no alternative. The two-step methods of moments approach by Wall and Amemiya (2000) could in principle offer an even more flexible approach to model nonlinear relationships with latent variables, but applications and experience with this method are still scarce. Thus, the Quasi-ML method by Klein (Klein and Muthén 2007) represents an interesting approach to model nonlinearities. In future research it should be applied to more substantive research questions such as moderator effects. Similar to quadratic effects only Klein's approach allows testing of multiple interaction effects simultaneously.

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2 Article 2

Marcel Paulssen and Angela Sommerfeld

Which Critical Incidents are Really Critical for Customer Relationships?

Abstract

In a recent review Gremler pointed out that applications of the critical incident technique in current service research provide no answer to the key questions of whether and which critical incidents are truly critical for customer relationships. Rather published critical incident technique (CIT) studies assume that the incidents reported are indeed critical for customer-firm relationship, but rarely assess their impact on measures of relationship strength or behavioral response tendencies. In the present study, we conducted face-to-face interviews without restricting valence and number of reported incidents per respondent and assessed their impact on measures of relationship quality (i.e. trust and satisfaction). Results confirm that positive and negative incidents possess a partially asymmetric impact on measures of relationship quality. Furthermore, we use a MIMIC-approach to identify which specific incident types possess a particular strong impact on the health of customer-firm relationships. In contrast to published research, our results clearly support that negative incidents can be severely damaging for a customer-firm relationship and cannot be compensated by corresponding positive incidents.

INTRODUCTION

In relationships all partners eventually engage in a potentially destructive act and behave badly (Rusbult et al. 1991). With increasing duration of a relationship and growing frequency of interactions, the likelihood of such negative incidents increases (Grayson and Ambler 1999). In long-term relationships, no matter whether personal or customer-firm relationships, negative incidents seem almost inevitable. From a relationship perspective, unusually negative but also unusually positive interaction experiences are of pivotal relevance because people derive inferences about their relationship partner's disposition and intentionality especially from such extreme acts (Ybarra and Stephan 1999). In service relationships customers implicitly refer to the diagnostic potential of these particularly positive or negative incidents when they cite remarkable episodes to illustrate reasons for or against recommending a particular service provider (Johnston 1995). Thus critical incidents possess the potential to induce significant changes in the status of a customer-firm relationship (Edvardsson and Strandvik 2000). Following Gremler's call (2004) the study at hand is designed to clarify the impact of number, valence, strength and type of critical incidents on the quality of service relationships.

The critical incident technique (CIT), originally introduced by Flanagan (1954), has been adapted to the marketing field by specifically investigating interaction experiences that the customer perceives or recalls as exceptionally positive or negative. In their seminal paper Bitner, Booms, and Tetreault (1990) applied the CIT to the marketing field and showed that across service industries customers refer to similar categories of critical incidents (CI) to distinguish between satisfying and dissatisfying service encounters. A large stream of research followed their work and applied the CIT, predominantly in service contexts, to shed light on e.g. service evaluations (Odekerken-Schröder et al. 2000), service breakdowns (Edvardsson 1992), service switching (Keaveney 1995), service failures (Bejou, Edvardsson, and Rakowski 1996), and even service employees' perceptions (Bitner, Booms, and Moor

1994). The technique's popularity in the field of service research stems from the fact that contrary to traditional attribute-based surveys, CIs are more concrete (Stauss and Hentschel 1992) and are not restricted to ratings on predefined product or service attributes. The researcher obtains stories about interaction experiences from the respondent's perspective presented in his or her own words (Edvardsson 1992). These verbatim collected stories are able to provide very concrete and operational insights for managerial action, and can also be easily communicated to customer-contact personnel (Stauss and Hentschel 1992; Zeithaml and Bitner 2003).

In principle, CIT data can be used quantitatively and qualitatively (Chell and Pittaway 1998), but the overwhelming majority of published CIT studies employ content analytic methods and typically focus on the classification of incidents into descriptive categories (Gremler 2004). This dominating descriptive and exploratory use of the CIT "primarily for theory development in service research" has been recently criticized (Gremler 2004, p. 77). Most relevant for the context of this study is the fact that published CIT studies, by definition, assume that the collected incidents are indeed critical for a relationship, but rarely assess their impact on measures of relationship strength or behavioral response tendencies (see Odekerken-Schröder et al. 2000 for an exception). Hence, the word critical in critical incidents is solely used to emphasize the significant deviation of specific service episodes from ordinary service encounters. Consequently, the key question raised by Edvardsson and Strandvik's (2000) article: "Is a critical incident critical for a customer-firm relationship?" is not addressed in current CIT studies. Since the broader body of customers' experiences in any ongoing service relationship constitutes of ordinary interactions it is an important research question whether these relatively rarely occurring CIs have the potential to significantly damage or strengthen a given customer-firm relationship.

Besides its dominating descriptive use, the review by Gremler (2004) points to further shortcomings of current CIT research. Specifically, multiple CIs occurring in the same context and multiple occurrences of the same CI are generally not collected. Furthermore, many studies restricted their collection to negative CIs and often restricted their analysis to one CI per respondent (e.g. Odekerken-Schröder et al. 2000). However, previous research suggests that customers are quite forgiving, and are willing to tolerate a single mistake of an incumbent service provider (Strandvik and Liljander 1994). As Edvardsson and Strandvik (2000, p. 90) state: “It is quite clear that a single incident might not always be decisive, rather the cumulative effects of several incidents, the build-up of such effects have, however, not been studied in earlier research”. These insights highlight the importance to study the impact of the number of CIs a customer has experienced for assessing their influence on the health of a customer-firm relationship. Building on Gremler’s (2004) review, the present study was explicitly designed to overcome the mentioned deficits of current CIT research. Thus CI-interviews were conducted without restricting valence and number of incidents reported. Most important, we followed Gremler’s call (2004, p. 79) to “determine which events are truly critical to the long-term health of the customer-firm relationship”, and related number, valence, types as well as emotional evaluation of experienced incidents per respondent to the key relationship constructs overall satisfaction, trust, and loyalty. To summarize, this research will provide answers to the following research questions: (1) does the number of (positive and negative) CIs experienced by the customer impact the strength of the customer-firm relationship?, (2) are negative CIs more influential than their positive counterparts?, (3) do different categories of CIs equally contribute to the health of a customer-firm relationship?, (4) does the inclusion of (retrospectively measured) emotional appraisal of CIs possess an additional diagnostic potential?, and (5) how important is the consideration of customers’ mood during the retrieval of CIs for assessing their impact? In the following section we develop hypotheses to address these questions and to clarify whether CIs are indeed critical for service relationships.

HYPOTHESES

A large body of research has confirmed both trust (Doney and Cannon 1997; Morgan and Hunt 1994) and satisfaction (Rust, Zeithaml, and Lemon 2000; Rust, Zahorik, and Keiningham 1995) as key ingredients for healthy customer relationships and as determinants of customer retention and profitability (Luo and Homburg 2007). As outlined above and in line with numerous calls from academia such as Storbacka, Strandvick, and Grönroos (1994, cf. Edvardsson and Strandvik 2000, p. 85) who posed the question "How does the concept critical incident relate to relationship concepts such as … relationship satisfaction, trust, relationship bonds and profitability?", we will first relate the number of experienced incidences to the key relationship concepts: Satisfaction, trust, and loyalty.

Over the course of a relationship with their service provider, some customers might constantly experience service encounters characterized by employee behaviors and service performances in the expected range. In addition to these normal encounters, some customers make particularly positive or particularly negative experiences. These critical encounters are assumed to possess an impact on the overall evaluation of the service (Bitner, Booms, and Tetreault 1990). However, explicit tests regarding the influence of the number and valence of CIs experienced by a customer on overall satisfaction are lacking. An exception is the study by Odekerken-Schröder et al. (2000), who showed that negative CIs are indeed dissatisfiers. However, they only collected one positive and one negative CI per respondent which might explain the non-significant effect of positive CIs on satisfaction. Since the entire purchase and consumption experience is the basis for the cumulative evaluation of the overall service satisfaction (Anderson, Fornell, and Lehmann 1994; Homburg, Koschate, and Hoyer 2005; Olson and Johnson 2003), we propose that both the number of positive and negative experiences with the service provider impact overall satisfaction. Thus:

H_1: The number of experienced positive critical incidents has a positive impact on satisfaction.

H_2: The number of experienced negative critical incidents has a negative impact on satisfaction.

Empirical investigations concerning the impact of critical incidents on trust are lacking. The only existing empirical study comes to the conclusion, that "[…] critical incidents appear to have no impact on the level of trust customers have in their service provider" (Odekerken-Schröder et al. 2000, p. 120). This result is highly counterintuitive, because people derive expectations about their relationship partner's intentionality especially from unusually negative but also unusually positive interaction experiences (Ybarra and Stephan 1999). The high level of salience and the diagnosticity of such extreme events provide the perceiver with a window into the dispositional qualities of the relationship partner and the status of the relationship (Fiske 1980; Ybarra and Stephan 1999). In service relationships, these extreme interaction episodes are likely to shape customer perceptions of the service provider's willingness to act in the best interest of the customer that are central for a customer's trust (Mayer, Davis, and Schoorman 1995; Moorman, Zaltman, and Deshpandé 1992). Thus one would assume that negative CIs destroy customers' trust, while positive CIs build trust. Again, as Edvardsson and Strandvik (2000) pointed out, the cumulative effects of several incidents should be studied, since customers are quite forgiving and are willing to tolerate a single mistake (e.g. Strandvik and Liljander 1994). This fact might explain the non-significant effect in Odekerken-Schröder et al.'s single incident study. In the study at hand we therefore explicitly consider the number of experienced positive and negative incidents and propose:

H_3: The number of experienced positive critical incidents has a positive impact on trust.
H_4: The number of experienced negative critical incidents has a negative impact on trust.

Since CIs are by definition extreme events, positive CIs operate above the point of reference, whereas negative CIs are clearly below it. One of the main findings of prospect theory is that losses relative to some neutral reference point influence evaluations more strongly than a similar amount of gains above the reference point (Kahneman and Tversky 1979). Building on this insight, a variety of studies has shown the consistent stronger influence of negative information, attributes, and events (Baumeister, Bratslavsky, Finkenauer, and Vohs 2001) in comparison to positive ones. People are trying to interpret their experiences in a positive light and foster forgetting negative events (Taylor 1991), but those negative events still available loom disproportional larger for evaluations than positive remembrance (Maxham und Netemeyer 2002). Accordingly, it has to be expected that the impact of negative incidents is likely to be stronger than that of positive incidents. We therefore propose:

H_5: The number of negative critical incidents impacts more strongly on satisfaction than the number of positive critical incidents.

H_6: The number of negative critical incidents impacts more strongly on trust than the number of positive critical incidents.

Numerous studies have demonstrated that trust and satisfaction are determinants of repurchase intentions (Fornell et al. 1996; Geyskens, Steenkamp, and Kumar 1999; Morgan and Hunt 1994; Szymanski and Henard 2001). Because findings concerning these relationships are almost unanimous, we will for the sake of brevity not further elaborate on them and directly propose that:

H_7: Trust in the service provider increases loyalty to the service provider.

H_8: Satisfaction with the service increases loyalty to the service provider.

Satisfactory experiences with a product or service reinforce expectations of competent performance in the future as Singh and Sirdeshmukh (2000) argue. Providing high-quality service that exceeds initial expectations and results in high satisfaction is likely to increase a customer's trust in the company's reliability and ability to deliver satisfying service in the future. Conversely, low-quality, below-expectation performance is likely to reduce a customer's trust in the service provider (Singh and Sirdeshmukh 2000). Thus:

H_9: Satisfaction with the service increases trust in the service provider.

In the process of forming loyalty intentions previous studies have repeatedly documented the mediating role of satisfaction (e.g. Szymanski and Henard 2001) and trust (e.g. Morgan and Hunt 1994). Building on these findings from the marketing literature, we propose a similar mediating mechanism for the impact of the number of positive and negative CIs a customer has experienced on loyalty.

H_{10}: The impact of critical incidents on loyalty is fully mediated via trust and satisfaction.

The overwhelming majority of CIs is collected in retrospective, thus an important control variable omitted in the previous literature on CIs has to be noted: Mood. Contrary to emotions, which have a definite cause, are more intense, and short-lived, mood is a relatively enduring affective state without a salient antecedent cause and consequently little cognitive content (i.e. feeling good or feeling bad) (Forgas 1995). Nevertheless mood affects cognitive processes (e.g. Forgas 1995). In the context of the present study two mechanism merit attention: Mood congruent recall and affect infusion. Mood congruent recall defines the tendency to codify or to recall material with affective content of the same kind as the current affective state (Ellis and Moore 1999). For this study mood congruent recall implies that the match between current mood and emotional valence of experienced CIs will ease the retrieval of valence-congruent CIs and hamper the retrieval of valence-incongruent CIs (e.g. Eich, Macaulay, and Ryan 1994).

Respondents in a negative mood will be less likely to recall positive and more likely to recall negative CIs. Thus:

H_{11}: Negative mood reduces the number of recalled positive CIs.

H_{12}: Negative mood increases the number of recalled negative CIs.

The second mechanism that merits attention in the context of this study is affect infusion. Under certain circumstances mood serves as a judgmental heuristic where affect is used as a short-cut to infer evaluations (Forgas 1995). This so-called affect infusion is relevant when spontaneous judgments have to be made. Asking customers spontaneously to rate certain attributes induces the use of such a heuristic (see Forgas and Moylan 1987). Previous studies have already shown the significantly lower (higher) satisfaction ratings for sad (happy) respondents (Siemer and Reisenzein 1998, for a field study see Forgas and Moylan 1987). Following the notion of affect infusion, we assume that:

H_{13}: Negative mood reduces a respondent's satisfaction.

H_{14}: Negative mood reduces a respondent's trust.

The effects proposed in the hypotheses series regarding mood (H_{11} to H_{14}) are relevant for this study, because they have the potential to artificially inflate the relationships between recalled CIs and measures of relationship quality, as proposed in our core hypotheses series H_1-H_4. Negative mood increases the frequency of recalled negative incidents through mood-congruent recall and at the same time decreases satisfaction and trust judgments through affect infusion. This dual impact might therefore artificially inflate the potentially negative relationships between the respective constructs.

EMPIRICAL STUDY

SETTING AND SAMPLE

The automotive industry was chosen as an appropriate context for our study in light of its highly characteristic product involvement levels conducive to relationship formation. Our study investigates the relationships that form between customers and their car dealerships in this high-potential commercial relationship realm. We partnered with a leading car manufacturer to explore our hypothesized effects. The empirical study was conducted with customers of the car dealerships and data collection took place in five different retail outlets of this manufacturer in a major metropolitan area. We drew a convenience sample of customers entering the retail outlets by asking them to take part in a customer survey and about one in two customers were willing to participate. Even though probability sampling would have been more desired, the chosen approach is consistent with the majority of published CIT studies as reviewed by Gremler (2004). A total of 191 face-to-face interviews were conducted with respondents, who had prior experience with the repair department and were thus eligible for the present study. Interview duration ranged from 10 minutes to 2 hours, with an average length of 22 minutes. The interviews consisted of a fully-structured part followed by a semi-structured part using the CIT. In the fully-structured part respondents were first asked to rate their current mood, their satisfaction with the repair department, their trust to the repair department and their loyalty to the repair department (see appendix A for constructs). In the semi-structured part of the interview respondents were asked to talk about any CI concerning the repair department that they have experienced. The age distribution of participating respondents (N=191) was as follows: 20–29: 4%, 30–39: 17%, 40–49: 21%, 50–59: 20%, and 60+: 38%, whereas 83% of customers were male. Age and gender distribution are consistent with the luxury status of the brand. Nearly half of the respondents (47%) had an ongoing relationship with the dealer of up to 5 years, around 20% of the customers had a relationship for either 6–10 years or 11–20 years. The remaining 16% of the customers had an ongoing relationship for more than 20 years.

MEASURES AND PROCEDURE

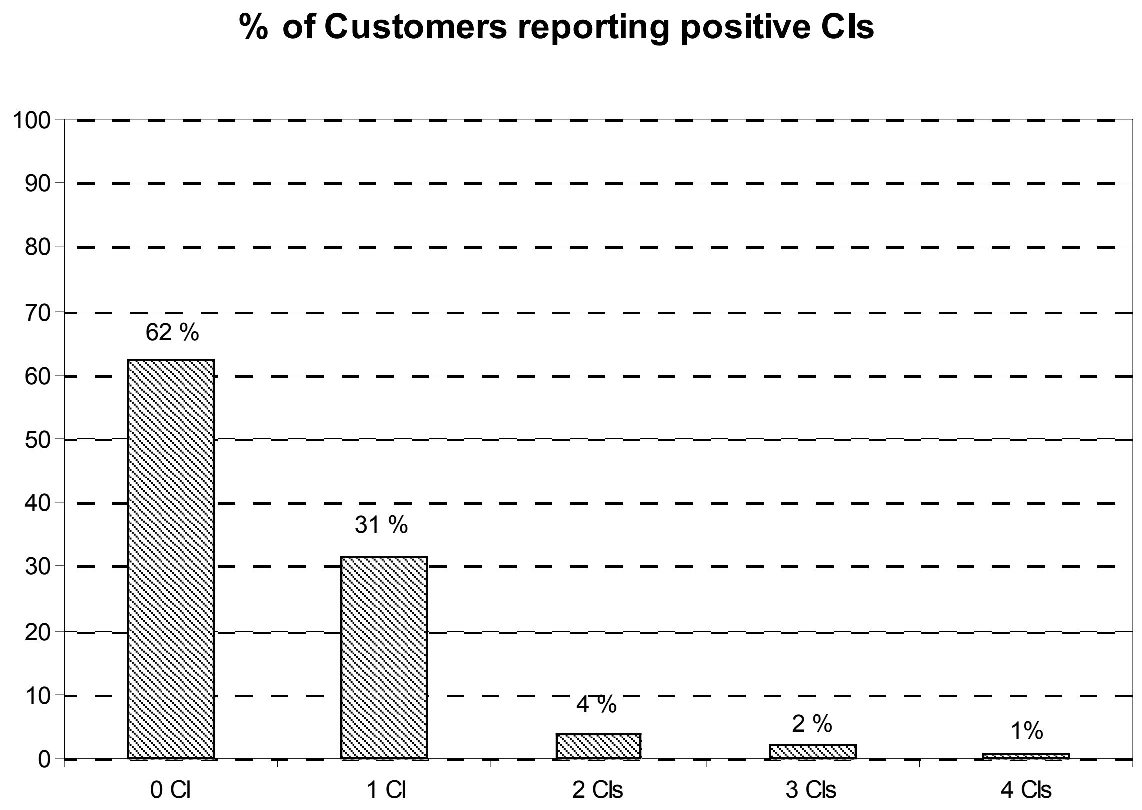
Mood: Peterson and Sauber's (1983) scale was employed to measure respondents' mood. The mood questions were asked at the very beginning of the interview to avoid any biasing impact from recalled incidents or trust and satisfaction judgments.

Relationship Constructs: In the subsequent section of the fully-structured part, we measured the key relationship constructs: Satisfaction, trust, and loyalty. Satisfaction with the repair department was measured with a scale from Bloemer and Lemmnik's (1992) study in the automotive industry. Following the expectancy conceptualization of trust (Doney and Cannon 1997; Sirdeshmukh, Sing, and Sabol 2002), trust items gauged the respondent's beliefs and expectations about the repair department's reliability and intentionality. Loyalty to the repair department was operationalized as intention to choose the repair department again in case of need and to recommend the repair department to friends and acquaintances (Bloemer and Lemmnik 1992; Oliver 1999).

CIs: The main part of the interview followed the procedure used by Bitner, Booms, and Tetreault (1990, pp. 73-74). Thus, the central question was: "*Think of your experiences with the repair department of the dealership. Can you remember particularly good or bad experiences during your contacts with the repair department?*". Following this leading question, respondents were asked to elaborate on the incident and to provide an as accurate as possible account of the situation. If necessary, the interviewer probed deeper with the following questions: 'What happened exactly?', 'Who exactly did what?', 'Who or what was the subject of the incident?', 'When did the incident happen?', and 'What resulted that make you feel the interaction was particularly positive (or negative)?' (Bitner, Booms, and Tetreault

1990). Prior to the study the interviewer had been trained by an employee of the cooperating dealer to gain the necessary insight and familiarity with the processes of service delivery in the repair department (e.g. Flanagan 1954; Gremler 2004). In order to be qualified as a CI, respondents' experiences were required to meet four criteria: "(1) involving customer-service provider interaction, (2) being very positive or negative from the *customer's* point of view, (3) being a discrete episode, and (4) having sufficient detail to be visualized by the interviewer" (Bitner, Booms, and Tetreault 1990, p. 73). In contrast to most CIT-studies neither the number nor the valence of CIs was restricted. Overall respondents reported 224 incidents (90 positive and 134 negative). 62 % of the respondents did not report any positive and 59 % did not report any negative incident (see figure 2.1). The average duration of single incident descriptions was 5.5 minutes. Of the collected CIs 45% have happened in the current year, 28% have happened more than one year ago, and 27% of the collected CIs have even happened more than two years ago (see figure 2.2).

Emotions: As recommended by Gremler (2004), following the incident descriptions, respondents indicated how much each incident had made them feel different emotions on scales adapted from Richins (1997). For negative incidents, we measured felt anger with the three items: Frustrated, angry, and irritated; for positive incidents, we measured joy with three items: Happy, pleased, and joyful. Five-point response scales ('not at all,' 'a little,' 'moderately,' 'strongly,' 'very strongly') were used instead of Richins (1997) 4-point scales in order to achieve greater variation.



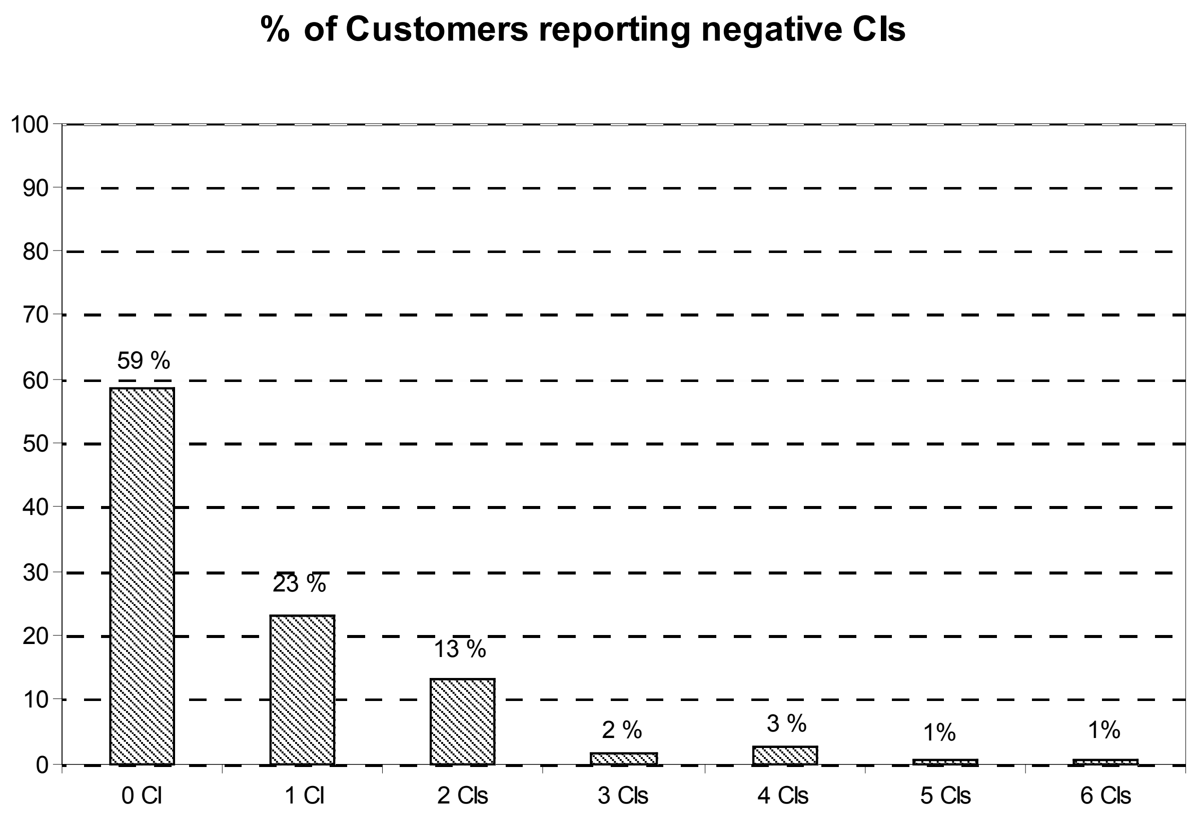


Figure 2.1: Percentage of Customers Reporting Different Numbers of CIs.

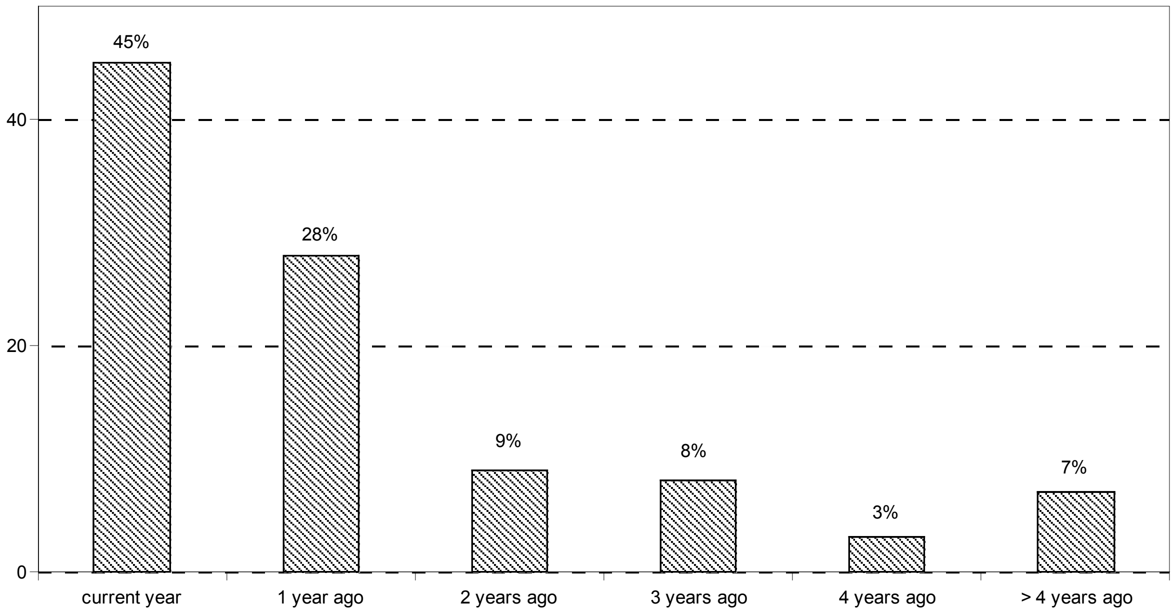


Figure 2.2: Time between CI Collection and Occurrence of CI.
Note: The distribution across positive and negative CIs is highly similar.

RESULTS

Customers that answered all relevant questions (N=146) were eligible for hypotheses testing. All models were estimated with LISREL 8.52 (Jöreskog and Sörbom 2001). The proposed model (see figure 2.3) exhibits an excellent global fit with: $\chi^2(64) = 82.87$, p= .06, RMSEA= 0.043, and CFI= 0.99. Next, we assess the postulated hypotheses in detail.

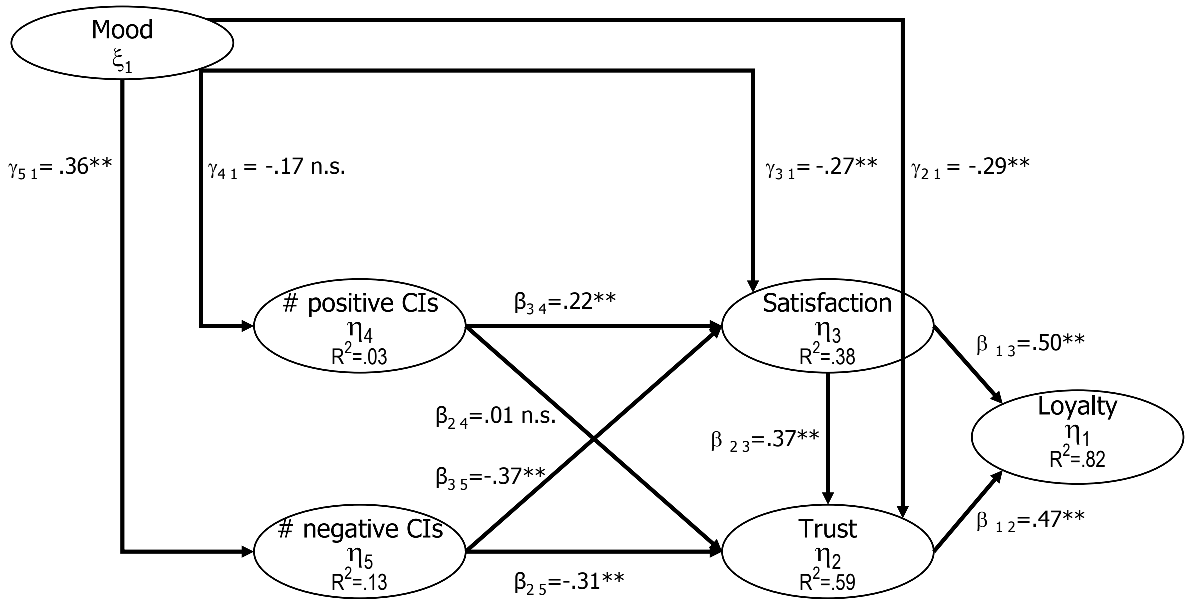


Figure 2.3: Impact of Number and Valence of CIs on Service Relationships – Controlled for Mood.
Completely standardized path coefficients, ** p<.01;* p<.05, n.s. p>.05

Impact of Number and Valence of Critical Incidents on Service Relationships

The results clearly show that the more positive CIs a customer has experienced the higher is her/his satisfaction with the repair department (β_{34} = .22, p<.01), thus supporting H_1. An opposite damaging effect on the service relationship is inflicted by the number of experienced negative CIs, which significantly reduce both satisfaction (H_2) (β_{35} = -.37, p<.01) and trust (H_4) (β_{25} = -.31, p<.01) ratings. Only trust to the repair department of the dealership does not benefit from the number of positive incidents a customer has experienced (β_{24} = .01, p>.05), thus H_3 could not be confirmed. Overall, the number of CIs experienced plus mood account for 38% of the variance in satisfaction ratings and 59% of the variance in trust ratings. The impact of satisfaction with the repair department on trust (H_9) (β_{23} = .37, p<.01) and loyalty (H_8) (β_{13} = .50, p<.01) have both been supported, as well as the impact of trust on loyalty (H_7) (β_{12} = .47, p<.01).

Effects of Mood

Building on the literature concerning mood's effects on cognitive processes, we proposed two type of effects. Mood congruent recall would suggest that mood significantly affects the reported number of both positive and negative CIs experienced (or recalled, to be more precisely) by the customer. We can support mood's impact on the number of negative incidents experienced by the customer (H_{12}) with γ_{51} = .36, p< .01 but not the alleged negative impact on the number of positive incidents. Note here that higher scores on the Peterson and Sauber (1982) scale imply a more negative mood while lower scores imply a more positive mood. The influence of mood on the number of positive CIs is marginally non-significant (γ_{41} = -.17, t= -1.80, p> .05) thus H_{11} had to be rejected. The mood effects suggested by the second mechanism, affect infusion, on judgments of satisfaction (γ_{31} = -.27, p< .01), and trust (γ_{21} = -.29, p< .01) could both be supported by our results thus H_{13} and H_{14} were confirmed. Since two of the four indicators of the Peterson and Sauber scale to measure mood had low indicator reliabilities of .30 and .35, we again tested the proposed model after eliminating these two indicators. With this more reliable measure of mood, we found support for all hypotheses regarding mood (H_{11}-H_{14}). The formerly non-significant influence of mood on the number of positive CIs experienced (or recalled) became significant (γ_{41} = -.22, p< .05) and thus H_{11} could also be confirmed. The other path coefficients involving mood displayed only minor changes (γ_{31} = -.29, p< .01, γ_{21} = -.35, p< .01, and γ_{51} = .38, p< .01). Overall, we can therefore support the influence of mood on both recall of the number of CIs as well as on satisfaction and trust judgments, and as expected not on loyalty intentions.

Mediation

To test whether the influence of CIs on loyalty intentions is fully mediated via satisfaction and trust we followed the approach from Baron and Kenny (1986). In a first step, we ran a model where the number of experienced positive and negative CIs is allowed to influence loyalty intentions only directly. Positive (β_{14} = .17, p < .10, t=1.95) as well as negative CIs (β_{15} = -.40, p <. 01) significantly influence loyalty intentions. After adding the indirect effects through satisfaction and trust to the model, the direct influences on loyalty dropped to non-significance (β_{14} = .01, p>.05 and β_{15} = .00, p>.05). These results support H_{10} that the influence of both CI types on loyalty is fully mediated via trust and satisfaction.

Asymmetric Impact of CIs on Service Relationships

Next, we tested our hypotheses concerning the stronger impact of negative over positive amounts of experienced CIs on satisfaction and trust. Two models with gamma coefficients constrained to be equal for positive and negative CIs on satisfaction respectively trust had to be tested. Although the path coefficients clearly showed a stronger effect of negative CIs than of positive CIs on satisfaction (β_{35} = -.37 vs. β_{34} = .22), the resulting decrease in model fit for the restricted model (were both paths were constrained to be equal) was non-significant. We therefore have to reject H_5. In line with hypothesis H_6 the influence of negative CIs on trust was significantly different from that of positive CIs on trust (χ^2_d (1) = 6.51, p<.05). This result confirms our assumption that positive incidents cannot compensate for the trust damaging impact of negative CIs.

Emotions

As Gremler (2004, p. 79) pointed out in his review on the use of the critical incidence technique in service research "… the focus in most CIT studies is generally on customer cognition; collection of emotions related to an incident are rarely recorded" at least not in terms how the respondent perceives it (see also Edvardsson and Strandvik 2000 for a similar remark). Therefore, we additionally asked every respondent how much each incident had made them feel various emotions, with consumption emotion scales from Richins (1997). In the following section we test whether the emotional strength of a CI possess additional information to predict trust and satisfaction ratings, above the pure numerical occurrence of positive and negative incidents. Including respondents' emotional evaluation of the reported incidents in the model turned out to be problematic. Ideally, the model should include respondents' number of CIs (positive and negative) as well as the resulting emotions due to the incident (positive and negative). However, respondents who did not experience any or e.g. no second positive (negative) CI, have a missing value on the respective positive (negative) emotion – that cannot be simply coded as zero. Since one out of three customers did not report any positive or negative incident this approach would have lead to an unacceptable reduction in sample size. Therefore, we computed the average experienced emotion across both experienced CI types (positive and negative) for every respondent. For every respondent we multiplied the average emotion s/he had experienced with the number of experienced positive or negative CIs. Since four respondents did not assess the emotional severity of some reported CIs our sample dropped to 142. We then expanded the basic model discussed before by including the number of incidents weighted with the mean score of the emotional evaluations. The resulting model exhibits a good fit with: $\chi^2(84) = 110.08$, $p = .03$, RMSEA= 0.04, and CFI= .99. The path coefficients do not differ from results of the basic model discussed above. The inclusion of the two additional predictors (the number of experienced positive or negative incidents weighted with their emotional severity) has neither a significant impact on trust ($\beta_{26} = -.01$, p>.20 and $\beta_{27} = -.09$, p>.20) nor on satisfaction ($\beta_{36} = .09$, p>.20 and $\beta_{37} = .05$, p>.20). These results show that the inclusion of emotions as a measure of magnitude or seriousness of an incident in the model as suggested by Gremler (2004) and Edvardsson and Strandvik (2000) possess no additional information above the solely number of experienced CIs. A reason for this result may lie in the difficulty to retrospectively report emotions elicited by a critical service encounter that has on average occurred more than a year ago.

Impact of the Critical Incident Categories

After we have confirmed the impact of positive and negative CIs on customers' trust to and satisfaction with the service provider, we address the question which types of CIs are especially critical for the relationship. Therefore, the reported events were coded by three independent judges. The first judge developed an initial classification scheme and subsequently assigned the CIs into this initial scheme and refined it slightly until the CIs in one category have been more similar to one another than to CIs of other categories. Since the research setting of our study was highly comparable to work by Stauss and Hentschel (1992), their classification scheme served as reference for the initial coding scheme developed by the first judge. In the next step, two additional judges assigned the reported incidents to the categories of the classification scheme developed by judge one without prior knowledge of his initial coding. Judges two and three were instructed to question the categories while assigning incidents to them. Disagreement regarding categories and assignment of individual CIs to categories or the labeling of categories between the three judges was resolved through a discussion with an expert from the automotive industry. Intercoder reliability was assessed with several indices: *Percentage of agreement*: .80, *Cohen's Kappa*: .76, and *Perreault und Leigh*: .77, and can be considered as acceptable. The classification process revealed seven negative CI categories (e.g. *low speed of service*) and seven positive CI categories (e.g. *high speed of service*). Since three categories had been experienced by less than 3% of the customers, they were excluded from the analysis, thus 11 categories (six negative; five positive) remained eligible for the analyses.

Next, we followed Gremler's call (2004, p. 79) to "determine which events are truly critical for the long-term health of the customer-firm relationship", and related the types of experienced incidents per respondents to satisfaction, trust and loyalty to the service provider – in our case the repair department of a dealership. Instead of testing a model with the number of experienced positive and negative CIs, the different CI types experienced by each respondent were included in a Multiple Indicators and MultIple Causes (MIMIC) model (Jöreskog and Goldberger 1975). Basically each respondent can be described with a vector of zeros and ones indicating which particular incident types s/he has experienced in the relationship with the repair department. These binary incident category variables are then related to relationship outcomes. The proposed MIMIC model (see figure 2.4) exhibits an excellent fit with: $\chi^2(202) = 199.97$, $p = .53$, RMSEA= 0.00, and CFI= 1.00. Model results demonstrate that not all CIs are indeed critical for the customer-firm relationship, and those CI categories that are critical varied in the strength of their impact. *Break of a promise* and *poor quality of repair work* solely influence satisfaction ratings ($\beta_{39} = -.16$, $p < .05$ and $\beta_{3\,12} = -.26$, $p < .01$), whereas CIs classified as *lack of goodwill* lowered customers trust in the service provider ($\beta_{2\,11} = -.16$, $p < .01$).

The incident category which should be primarily avoided is *bad behavior toward the customer*: It clearly has the most damaging impact on the customer-firm relationship, due to its dual influence on satisfaction ($\beta_{3\,14} = -.22$, $p < .01$) and trust ($\beta_{2\,14} = -.23$, $p < .01$). Interestingly, only one of the positive CI categories (*offer of an additional service feature*) impacts on satisfaction with the repair department ($\beta_{3\,6} = .19$, $p < .05$) and none impacts on trust. Influences of satisfaction (β_{13} = .51, p<.01) and trust (β_{12} = .46, p<.01) on loyalty as well as satisfaction on trust (β_{23} = .43, p<.01) are comparable to the previously reported model with the number of experienced CIs as independent variables. Results here also show that mood affects the recall of specific incident types. Recall of four out of the five categories which impact trust and satisfaction are significantly influenced by respondent's mood. Further, results concerning mood's impact on satisfaction and trust mirror the previous findings that mood affects satisfaction (γ_{31} = -.24, p< .05) as well as trust ratings (γ_{21} = -.32, p< .01).

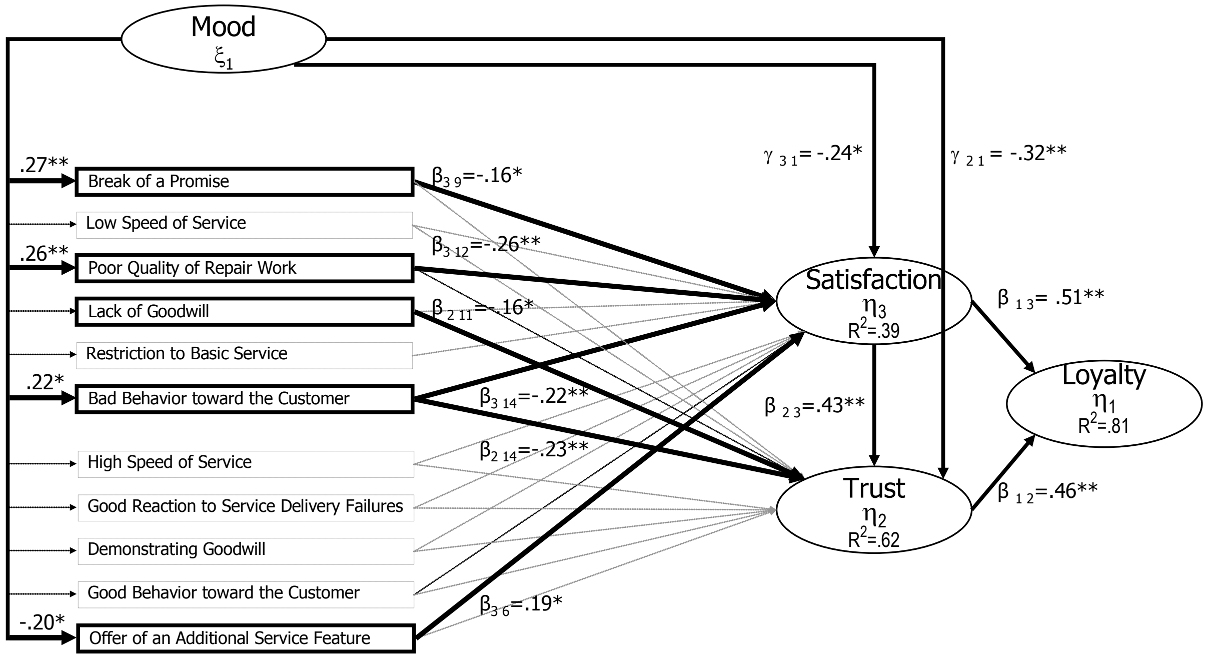


Figure 2.4: Impact of CI Categories on Service Relationships – Controlled for Mood.
Completely standardized path coefficients for significant paths (depicted in bold), ** p<.01;* p<.05.

Results confirm the previous model in that positive incidents types are less relevant and possess a weaker impact on the service relationship. Our analysis thus revealed that not all incidents experienced at the service encounter are indeed critical for the service relationship at hand (see Table 2.1).

Table 2.1: Critical Incident Categories and their Criticality for Service Relationships.
n. s.: not significant; -- : not assessed due to low frequency

Critical Incident Categories *(Previously Reported CI Category)*	Negative CI Categories	Total Causal Effect on Loyalty (-)	Frequency	Positive CI Categories	Total Causal Effect on Loyalty (+)	Frequency
Promises *(Stauss and Hentschel 1992)*	Break of a Promise	.11	24	Keeping a Promise	--	1
Speed of Service *(Stauss and Hentschel 1992)*	Low Speed of Service	n. s.	9	High Speed of Service	n. s.	21
Goodwill *(Stauss and Hentschel 1992)*	Lack of Goodwill	.07	7	Demonstrating Goodwill	n. s.	11
Maintenance / Repair *(Stauss and Hentschel 1992)*	Poor Quality of Repair Work	.18	27	Good Quality of Repair Work	--	1
	Restriction to Basic Service	n. s.	12	Offer of an Additional Service Feature	.13	21
Unprompted and Unsolicited Employee Actions *(Bitner et al. 1990)*	Bad Behavior toward the Customer	.26	22	Good Behavior toward the Customer	n. s.	8
Response to Service Delivery Failures *(Bitner et al. 1990)*	Bad Reaction to Service Delivery Failures	--	5	Good Reaction to Service Delivery Failures	n. s.	11

In a last analysis step we tested whether the respondent's emotional evaluation of the reported incidents can help to identify particular serious incident types. We therefore computed the average reported emotions per incident type. Results of unpaired t-test across incident categories show that only two negative CI categories differ significantly in their emotional evaluation. The reported negative emotions due to the incident type *poor quality of repair work* are significantly stronger (mean: 3.70, SD: 0.95) than that of *restriction to basic service* (mean: 2.83, SD: 1.17) ($t(44)=2.44$, $p<.05$). Regarding the positive emotions reported with positive CI categories, two categories deviate significantly from *positive behavior toward the customer* (mean: 3.19, SD: 0.80): *high speed of service* (mean: 3.85, SD: 0.75) ($t(36)=2.26$, $p<.05$) and *demonstrating goodwill* (mean: 4.03, SD: 0.85) ($t(18)=2.27$, $p<.05$). None of the other positive and negative incident categories differ in their (retrospective) emotional evaluation of the customer. Overall, these results show that the reported emotional severity of CIs does not help to identify incidents that are truly critical for the health of a service relationship. Again, a reason for this result may lie in the difficulty to retrospectively report emotions elicited by a critical service encounter that has on average occurred more than a year ago. These results are in line with Edvardsson and Strandvik (2000) who found that 84% of the emotional responses collected in their CI-study were indifferent (neutral or without emotional coloring). Only in 16% of the cases could the emotional response be categorized as distinct negative or positive. Further, the distribution of emotional responses was invariant across the four incident categories identified in Edvardsson and Strandvik's study. This result is consistent with the small differences of reported emotions across incident categories in our study.

DISCUSSION

A key question that has been raised by several CI researchers is whether CIs are indeed critical for service relationships and how criticality of CIs can be operationalized and measured (Edvardsson and Roos 2001; Edvardsson and Strandvik 2000; Gremler 2004; Roos 2002). Published CIT studies assume that the incidents reported are indeed critical for customer-firm relationships and usually do not answer the important question raised by Edvardsson and Strandvik (2000, p. 85): "Is a critical incident really critical for a customer-firm relationship?". In the classical CI paradigm the criticality of CIs refers only to the fact that the respondent recalls a specific service episode as highly unexpected (either positive or negative). Still it has been implicitly assumed that especially all negative incidents are important and should be avoided. Research to date has mostly focused on finding the most frequent incident types using traditional content analysis. However, several authors have questioned this implicit assumption because they found that many of their respondents had experienced negative CIs with no apparent consequence for the investigated service relationship at hand (e.g. Edvardsson and Strandvik 2000; Roos 2002). Therefore, different variants of the CIT have been developed to make the link between CIs and behavioral consequences for the investigated relationship stronger (Keaveney 1995; Roos 1999). The switching path analysis technique (SPAT) merits special attention, since it focuses on customers who had changed their behavior e.g. switched service provider or altered their consumption pattern (Roos 2002; 1999). SPAT identifies the path or sequence of incidents which leads to reduced service usage or provider switch. Even though this technique seems to be very useful from an academic and managerial perspective, its applications are limited. SPAT does not inform about how relevant a specific CI in a sequence of CIs is for changing behavior (Roos 1999). It is also not possible to understand the compensation process that occurs in customer relationships between positive and negative CIs (Roos 2002). Additionally this technique can only be applied to customers, who have already switched or changed their consumption patterns, a strong limitation for recruiting respondents and a reason for the rare application of SPAT.

Thus, to link CIs to relationship consequences we analyzed the impact of critical incidences on the key relationship constructs satisfaction, trust and loyalty intentions. Number, valence, type as well as the emotional evaluation of experienced incidents per respondent have been related to the customer's satisfaction, trust and loyalty in a service relationship as suggested by Gremler (2004). Our results show that the experience of positive and negative critical incidents impacts the customer's assessment of the quality of the service relationship with the repair department of their dealership. Even if this relationship has on average lasted for several years (average length of the relationship in our sample was 10.68 years) with potentially numerous normal interaction experiences the rarely occurring extreme interaction experiences, which are captured with the CIT (on average respondents experienced 0.47 positive and 0.70 negative incidents), have a substantial impact on trust and overall satisfaction judgments. More precisely, we show that the number of experienced positive and negative CIs have a lasting impact on a customer's satisfaction with the repair department. Contrary to previous findings (Odekerken-Schröder et al. 2000), we could show that customers also appreciate extra-efforts on behalf of the firm as indicated through the significant effect of positive CIs on satisfaction judgments. Concerning the impact of CI's on trust, our results reflect popular wisdom that trust is hard to gain, but easy to lose. Negative CIs have a strong damaging influence on trust (-.31, $p < .01$) and the inflicted damage cannot be 'healed' with very positive experiences (0.01, $p > .05$). This non-compensatory impact of negative CIs on trust is in line with the psychological literature and strongly supports Edvardsson and Roos' (2001) assumption that negative incidents seem to appear and mobilize affective and cognitive reactions to a greater degree than do positive incidents. Thus, management should clearly put an emphasis on avoiding negative interaction experiences. Our results further support the importance to study the cumulative effects of CIs on the relationship as suggested by Edvardsson and Strandvik (2000). The prevalent practice of restricting the number of collected incidents to a single incident per respondent (see the review of Gremler 2004) might explain the non-significant effects of positive CIs on satisfaction as well as the non-significant effects of negative CIs on trust in previous studies (Odekerken-Schröder et al. 2000). Since customers are quite forgiving, the experience of just one negative CI might not cause any severe damage for the customer-firm relationship (Strandvik and Liljander 1994).

Next, we addressed the question which categories of incidents are indeed most critical for the service relationship we have studied. Typical CI studies mainly focus on finding the most frequently occurring incident types and assume that critical incidents are by definition critical for a service relationship (Edvardsson and Strandvik 2000). In contrast, we employed a MIMIC model to test for the impact of incident types on the strength of the service relationship. Our results demonstrate that not all incidents types are indeed critical. Only three out of six negative incident types possessed a negative impact and only one out of five positive incidents a positive impact on customers' satisfaction. Moreover, two negative incident types should be primarily avoided due to their direct trust damaging effects. Further, high frequency of an incident category does not imply high impact on the quality of the service relationship. Some incident types such as *"restriction to basic service"* occur relatively frequently but do not damage the service relationship. Thus simply focussing on the frequency of incidents might lead to erroneous conclusions on how to most effectively improve customers' service relationships.

Typically, CIs are collected in retrospective. Therefore, we considered it necessary to control our findings for the influence of respondents' current mood state. Respondents' mood biased both recall of incidents as well as their satisfaction and trust judgments. Not controlling for respondents' mood state would have artificially inflated the effects of CIs on satisfaction and trust. This result highlights the importance to measure and control for respondents' mood state in future studies that retrospectively collect CIs and relate them to evaluative constructs such as trust and satisfaction.

Following Gremler's (2004) suggestion, we also collected the emotional appraisal of CIs. Our results show that the (retrospective) emotional appraisal of critical incidents did not possess any predictive power over and above the pure numerical occurrence of experienced positive and negative incidents. Besides its' non-significant effect for key relationship constructs, emotional appraisals displayed no notable differences across CI categories. Thus it would not have been possible to detect particularly relevant CIs by computing the average strength of the negative/positive emotions they have elicited. These results are in line with findings of Edvardson and Strandvik (2000), who recorded respondents' emotions ex post on tape and showed that the emotional response is quite different from the cognitive response and most often neutral or without strong emotional coloring. A reason for these findings might stem from the fact that it is difficult to retrospectively collect emotions elicited by a critical service encounter that has on average occurred more than a year ago.

MANAGERIAL IMPLICATIONS

In our study negative CIs had a stronger damaging influence on trust and the relationship overall than positives CIs. Moreover, positive CIs did not possess a significant impact on trust. Thus the trust damaging effects of negative interaction experiences can not be 'healed' with very positive experiences. Therefore, management should clearly put an emphasis on avoiding negative interaction experiences rather than creating particular positive interaction experiences.

Current CIT research has assumed that CIs are by definition relevant for the health of customer-firm relationships and has focused on the most frequently occurring CIs. From a managerial perspective it is of secondary importance to know the frequency of occurring CI categories. More important is to identify those incident categories with the strongest impact on the service relationship. Our results clearly demonstrate that not all CI categories impact customer satisfaction, trust, and loyalty to the service provider, e.g. *low speed of service* did not affect the service relationship at all. The presented approach allows pinpointing precisely those critical interaction experiences with the strongest impact on customer satisfaction, trust and loyalty. Identifying these interaction experiences with strong effects on the customer-firm relationship enables managers to allocate resources for effectively improving service performance.

Traditionally applied attribute-based satisfaction measures are a valuable instrument to monitor a company's performance over time (Olson and Johnson 2003). However their standardization makes it difficult to derive concrete managerial actions on how to improve performance (Stauss and Hentschel 1992). Contrary to this attribute-based approach CIs offer accounts of service interactions from the customers' perspective. These vivid accounts, in the customers' own words, can easily be used to explain customer contact personnel which behaviors enhance or harm the customer relationship. These verbatim stories will also help employees to develop a deeper understanding of desirable as well as undesirable interaction behaviors. Thus CIs can be of great help for managers to train their personnel or to illustrate guidelines of behavior (Stauss and Hentschel 1992; Zeithaml and Bitner 2003). CIs can thereby also help to make imprecise codes of conduct such as 'the customer is always right' or 'we put service first' that are often not really helpful for employees more operational. An example from the study might illustrate this point. The CI category with the strongest impact on the customer relationship in our study was *bad behavior toward the customer*. One of our participants illustrated *bad behavior* as follows: "*The behavior of the service personnel depends to a large extent on how the customer is dressed. I often turn my car to the inspection in a jogging suit, because I want to use the way back to exercise. However, when I wear a jogging I receive no attention at all by the service personnel. In contrast, when I show up in a suit, they instantly serve me a coffee – even if I have not uttered a single word. This is a serious problem. In fact I had a couple of those experiences – fine feathers make fine birds. In a jogging suit it takes about half an hour until somebody shows up to offer you help!*"

In our study customer discrimination, based on the physical appearance of the customer (i.e. clothing), occurred quite frequently. This example shows also another advantage of CIs.

The customer can offer a fresh and so far undiscovered perspective on service performance. The dealership management had difficulties believing that the above described employee behaviors really had happened. Thus in our case service personnel should be educated to not differentiate their level of effort based on the physical appearance of the customer.

LIMITATIONS AND FURTHER RESEARCH

The present study, despite its provided useful insights, naturally suffers from limitations that need to be addressed in subsequent research. First, respondents that participated in our study were obviously still customers of the investigated dealership. Thus the reported incidents were apparently not severe enough to induce a service provider switch. With this method we are therefore only able to identify negative incidents of moderate severity. The really important and strong negative incidents might have escaped our study, since customers who have experienced these particular damaging incidents have already switched to another service provider. The SPAT, as discussed above, would be an alternative to capture those extreme incidents. Still our approach allows for the identification of CIs in ongoing relationships that are truly critical and can, as outlaid above, provide detailed recommendations on how to strengthen the service relationship. Second, it is unclear whether our findings, i.e. concerning the asymmetric impact of negative incidents, are generalizable to other service relationships. Although we identified CI categories highly similar to known categories of CIs from previous investigations, it is unclear whether our results concerning the impact of experienced CI frequency but also of CI categories hold across different service settings. Customers' expectations strongly depend on the competitive landscape and the general business practices in a particular service context. Furthermore, it can be possible that in some service contexts customers will experience more critical encounters that directly affect trust perceptions. Finally, we hope that the present research paper and the methods presented herein lead to a deeper understanding of the impact of CIs on customer relationships and enhance the potential of the CIT to reveal insights of considerable managerial importance.

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Appendix A

Table 2.2: Construct Operationalizations and Psychometric Properties of Measures.

Construct (Scale Origin)	Items	Std. Loading	Mean	SD	Indicator Reliability	Construct Reliability
Satisfaction [a)] (Bloemer and Lemmnik 1992)	How satisfied are you with the quality of the garage work?	.86	3.57	1.00	.74	.78
	How satisfied are you with the explanation of the conducted repair work?	.78	3.40	1.09	.61	
	How satisfied are you with the completeness and comprehensibility of the bill?	.78	3.47	1.01	.61	
Trust [b)] (Donney and Cannon 1997)	My service provider will do everything, to keep me as his customer satisfied.	.85	4.16	0.90	.72	.91
	I can completely rely on my service provider.	.90	4.12	0.91	.81	
	My service provider always treats me fairly.	.87	4.10	0.96	.76	
Loyalty [c)] (Bloemer and Lemmnik 1992)	Will you chose this repair department again in case of need?	.73	4.37	0.93	.53	.71
	Will you recommend your repair department to friends and acquaintances?	.76	3.98	1.10	.58	

Note: Items were measured on 5-point unipolar Likert scales anchored as follows

[a)] very satisfied (1) – dissatisfied (5)

[b)] applies completely (1) – applies not at all (5)

[c)] definitely (1) – definitely not (5)

Table 2.2 continued.

Construct (Scale Origin)	Items	Std. Loading	Mean	SD	Indicator Reliability	Construct Reliability
Mood [b)]	Currently I am in a good mood.	.80	2.16	1.25	.64	.75
(Peterson and Sauber 1983)	As I answer these questions I feel very cheerful.	.68	2.03	0.99	.46	
	For some reason I am not very comfortable right now.	.55	2.19	1.30	.30	
	At this moment I feel „edgy” or irritable.	.59	1.84	1.08	.35	
Anger induced by negative CI	Which emotions induced the incidents? How strongly did you feel …					
	… frustrated?	.91	3.40	1.09	.83	.87
(Richins 1997)	… angry?	.72	3.47	1.01	.52	
	…irritated?	.84	3.47	1.01	.71	
Joy induced by positive CI [d)]	Which emotions induced the incidents? How strongly did you feel …					
	… happy?	.71	4.12	0.91	.50	.76
(Richins 1997)	… pleased?	.59	4.10	0.96	.35	
	… joyful?	.83	4.10	0.96	.69	

Note: Items were measured on 5-point unipolar Likert scales anchored as follows
[b)] applies completely (1) – applies not at all (5)
[d)] not at all (1) – very strongly (5)

3 Article 3

Angela Sommerfeld and Marcel Paulssen

Understanding Customer-Company Identification

and its Impact on Customer In- and Extra-Role Behaviors

Abstract

Drawing on the evolving research on customers' identification with companies, our study explores the mechanism by which customer-company (C-C) identification generates customer loyalty. We demonstrate that customers' identification with the company is a central element to establish strong emotional ties between customer and company. In turn this affective commitment (a) motivates classical loyalty intentions, i.e. repurchase, recommendation and (b) motivates a deeper support, i.e. customers suggest improvement chances, help the company to achieve improvement by participation, and more likely give other customers a helping hand. We empirically demonstrate that, whereas all of these extra supportive intentions are strongly levered by C-C identification, not all are attainable via satisfaction. By including stereotypic impressions of the company our study additionally demonstrates that companies are able to foster C-C identification by highlighting those stereotypes that are most salient in triggering C-C identification.

Extended Abstract

Successful customer relationship management is traditionally characterized by increased repurchase or recommendation rates. Although the latter is only indirectly related to financial performance, its advantages in customer recruitment are seen as extremely beneficial and as a chance to support the company's marketing department (Reichheld 2003). Yet, the broader spectrum of customers' support includes additional behaviors that enable companies to foster a competitive advantage. Customers' willingness to offer constructive feedback, their participation in improvement processes, a heightened tolerance against company failures, and their willingness to assist other customers are supplementary supportive actions. Companies that have managed to establish such a fervently loyal customer base include, for example, the Apple computer corporation or Harley-Davidson. Legend has it that some Harley-Davidson customers even tattoo the company's logo on their biceps to demonstrate their belongingness by using the company's most central communicative element. In an implicit response to the success of these companies, Bhattacharya and Sen (2003) recently draw on evidence from diverse research domains to uncover the mechanism that enables companies to turn their customers into loyal apostles. Their theoretical consumer-company identification framework concludes that some of the strongest customer-company (C-C) relationships rest on customers' identification with these companies because identification generates customers' intrinsic motivation to support their identification target above average (Edwards 2005). A growing body of research supports the benefits of C-C identification for the formation of loyalty (e.g. Ahearne, Bhattacharya, and Sen 2005; Homburg, Wieseke, and Hoyer 2009; Lichtenstein, Drumwright, and Braig 2004). While the evolving research predominantly tests the relevance of C-C identification by directly linking the construct to loyalty outcomes, our study is designed to shed light on the motivational force that promotes C-C identification's relevance for loyalty. This is an important extension of current research because the prevailing measure of C-C identification (Bergami and Bagozzi 2000) is purely cognitive and

thus lacks the motivational element that is needed to change behavior as organizational research demonstrates (Ellemers, Kortekaas, and Ouwerkerk 1999; Riketta 2005).

The study at hand is designed to expand the C-C identification framework by explicitly integrating the (affective) commitment by which C-C identification enhances customer loyalty. Apart from theoretical advantages, this integration offers a deeper understanding why identified customers desire to support their identification target. Further, we deepen initial research (Ahearne et al. 2005) regarding consequences and antecedents of C-C identification. On the one hand, we demonstrate the relevance of C-C identification via affective commitment, in levering distinct facets of customer extra-role behaviors (i.e. customers' civic virtue, co-creation, sportsmanship, helping behavior, and recommendation) and repurchase intentions. On the other hand, we demonstrate that different stereotypes can be distilled that account for C-C identification. The detailed investigation of triggers and outcomes of customers' identification follows organizational research and enables practitioners to better target C-C identification and to estimate the benefits of doing so. As we are interested in the effectiveness of a C-C identification bonding approach on top of known relationship strengtheners we integrate two additional loyalty ingredients: Satisfaction and continuance commitment (a rather calculus-based motive to loyalty), while taking important controls into account. Our empirical study follows the most widely used conceptualization of C-C identification as a cognitive state of self-categorization and relies on established scales to measure customers' satisfaction and commitment. Customers' loyalty outcomes that differ from repurchase and recommendation are conceptualized in line with organizational research (Bettencourt 1997; MacKenzie, Podsakoff, and Ahearne 1998; Yoon and Suh 2003).

The empirical results provide strong evidence for the relevance of C-C identification on a broad set of relationship outcomes in a large nomological net with competing antecedents of relationship strength such as satisfaction. The results support previous findings concerning the relevance of salient company characteristics for the formation of C-C identification (Ahearne et al. 2005), but ads managerial relevance to them, as we are able to pinpoint that specific factors (company stereotypes) form the basis for customer identification. Further, we disentangle the process by which identification generates beneficial outcomes in customer relationships via the generation of affective commitment. We show the existence of distinct extra-role behaviors in a retail setting and how they are connected to affective commitment. Interestingly, affective commitment and satisfaction both possess direct and sometimes opposing effects on relationship outcomes. Satisfaction diminishes the propensity to engage in co-creation behavior (e.g., become member in a customer circle) or to show civic virtue (to make constructive suggestions for improvements of the store). This is an important finding, because it demonstrates that satisfaction represents no lever to enhance and foster a deeper customer interest in a company with the resulting willingness to engage in company centered activities. In contrast, affective commitment, a consequence of C-C identification, strongly enhances the probability to engage in such voluntary customer behaviors. Although economic bonding mechanisms are well captured through continuance commitment, our results do not support that they are a significant determinant of relationship outcomes in our study.

Summarized, the empirical findings suggest that C-C identification is a viable strategy to foster customers' (affective) commitment and subsequent loyalty intentions. The relevance of C-C identification is even apparent, when taking calculative loyalty intentions, convenience, length of the relationship, and the amount of alternative companies into account. The findings underscore the strategic potential of C-C identification because identification (through affective commitment) motivates not only classic repurchase intentions, but it also supports a range of company supporting extra-role behaviors. Customers that identify themselves with a company tolerate more mistakes during the service delivery, they act like part-time employees when helping other customers, stand up to report improvement chances, and even 'act up' to participate actively in this improvement process. Given our results companies are well-advised to understand the distinct company stereotypes that foster their customers' identification.

Understanding Customer-Company Identification and its Impact on Customer In- and Extra-Role Behaviors

Naturally, the main object of relationship marketing is to reveal and understand important ingredients of customer loyalty. Classical indicators of successful loyalty strategies are customers' repurchase as well as recommendation rates. Although the latter is only indirectly related to financial performance, its advantages in customer recruitment are seen as extremely beneficial (Reichheld 2003). Actually, the broader spectrum of customer loyalty includes additional helpful behaviors that enable companies to bolster a competitive advantage. Those discretionary customer behaviors are, besides recruiting new customers: Showing resilience to negative information, offering constructive improvement suggestions, participating in improvement processes, and helping other customers (Bettencourt 1997; Gremler and Brown 1998). They are therefore summarized under the umbrella term 'customer extra-role behaviors' (Ahearne, Bhattacharya, and Gruen 2005). Exploring the mechanism which enhances these beneficial behaviors that go beyond the usually studied ones is a worthwhile endeavor as these customers support the company's marketing department. However, it seems unlikely that extra-role behaviors evolve mainly from met consumption expectations, as evident in customers' global satisfaction. Accordingly, current research moves beyond satisfaction to shed light on an ingredient that has long been expected as relevant for building customer loyalty and commitment: Identification (Dwyer, Schurr, and Oh 1987; Oliver 1999). Recently, Bhattacharya and Sen (2003) reviewed how identification might enable companies to turn their customers into loyal apostles. Their theoretical framework was an implicit response to the apparent success of companies such as Apple (Belk and Tumbat 2005) or Harley-Davidson (Schouten and McAlexander 1995), that have managed to built a fervently loyal customer base around their company/brand. Drawing on evidence from diverse domains, such as individual and organizational psychology, Bhattacharya and Sen's (2003) consumer-company identification framework argues that customers' extraordinary loyalty rests on their identification with these companies. This so-called customer-company (C-C) identification is the result of a perceptual overlap in attributes that customers use to describe themselves and those that they ascribe to the company. The more the company's stereotypic attributes are perceived as similar to the customer's self-defining characteristics the more likely s/he will identify with the company. The motivation for this C-C identification is theorized in the social identity approach (e.g. Tajfel and Turner 1979), which concludes that individuals do not only define their self via idiosyncratic attributes (e.g. abilities and interests), but also via socially shared attributes deriving from their membership in certain groups or categories (e.g. gender, age, occupation, employing company, clubs) (Mael and Ashforth 1992). Extrapolating findings from organizational identification (Bergami and Bagozzi 2000; Dutton, Dukerich, and Harquail 1994) Bhattacharya and Sen (2003) conclude that customers partly fulfill their needs for self-definition by patronizing companies that they perceive as suitable in supporting their identity. In turn, those who identify are concerned with the health of their identification object thus they react and decide more in the interest of the organization and are willing to 'go the extra-mile' (Edwards 2005; Mael and Ashforth 1992). Consequently, Bhattacharya and Sen (2003, 76) expect C-C identification to represent the "psychological substrate for the kind of deep, committed, and meaningful relationships that marketers are increasingly seeking to build with their customers". The evolving research on C-C identification provided encouraging results regarding the construct's relevance in enhancing customer loyalty, but so far predominantly focused on the direct link between customers' cognitive degree of identification and subsequent loyalty intentions (e.g. Ahearne et al. 2005; Lichtenstein, Drumwright, and Braig 2004). This approach has its limits from a theoretical standpoint, as will be described in the hypotheses section, and does not inform about the motivational force that promotes customers' commitment to the C-C relationship. This is important as customers' commitment is inseparable from the notion of loyalty (Day

1969; Dick and Basu 1994) and is a key to achieve valuable outcomes (Bansal, Irving, and Taylor 2004; Gruen, Summers, and Acito 2000; Morgan and Hunt 1994). Two main motivations underlie this general concept, roughly mirroring calculus and affect. Managerial practice already serves the first motive by primarily offering economic incentives as they are embedded in customer bonus programs or loyalty cards. Unfortunately, this strategy is easy to copy, thus a competitive advantage quickly evaporates. Yet, loyalty that is grounded in emotional bonds also empirically demonstrates to lever customer loyalty (e.g. Verhoef 2003). Since affective commitment is supposed to hinge on identification and shared values (Allen and Meyer 1990; Bergami and Bagozzi 2000), this loyalty motive is less prone to simple imitation, as it is much more difficult for competitors to credibly copy a company's image position than it is to adopt their economic incentive mechanisms. It is therefore a theoretically and practically relevant question if C-C identification changes customers' affective commitment to the company.

The study at hand is designed to expand the C-C identification framework by explicitly integrating the (affective) commitment by which C-C identification enhances customer loyalty. Further, we will deepen initial research (Ahearne et al. 2005) regarding antecedents and consequences of C-C identification. On the one hand, we demonstrate that distinct company stereotypes can be targeted to increase C-C identification. On the other hand, we demonstrate the relevance of C-C identification in levering distinct facets of customer extra-role behaviors via affective commitment. In order to test the effectiveness of a C-C identification bonding approach we integrate two additional loyalty ingredients: Satisfaction and continuance commitment, while taking important controls into account.

Hypotheses

We develop our nomological net along the steps in loyalty formation that lead from cognition to behavior (Oliver 1999) and hence first address the evolution of C-C identification. The antecedent conditions to C-C identification are specified within self-categorization theory (Turner 1985). Self-categorization theory bases on the notion that individuals have a need to simplify the social world around them in order to regulate their doing and posits that individuals facilitate this simplification by categorizing themselves and others into groups or categories. The perceptual basis for categorization form stereotypic associations that capture, similar to Rosch's (1978) prototypes, the essential meaning of a given category or a potential identification target. The more stereotypes the individual and its identification target share, the more likely the individual forms a cognitive connection with this target, termed self-categorization. Transferring this phenomenon into the customer realm, it is argued that companies can increase their attractiveness by signaling characteristics that customers perceive as suitable in defining who they are (Bhattacharya and Sen 2003). Empirical evidence has recently supported the relevance of company characteristics for the formation of C-C identification (Ahearne et al. 2005). However, this initial exploration bases on a composite score of various pre-defined associations (e.g. the company is the industry leader, caring, innovative) and thus implicitly assumes that all associations have (equal) relevance for the formation of C-C identification. In contrast, research in organizational psychology demonstrates that distinct factors of company stereotypes determine the degree of identification (Bergami and Bagozzi, 2000). Especially from a managerial standpoint, this approach is more relevant because it helps to determine the distinct factors of 'company stereotypes' that allow triggering C-C identification strategically. Analogous to Bergami and Bagozzi, we hypothesize:

H_1: *Salient company stereotypes determine customers' C-C identification level.*

Most C-C identification research has followed Bhattacharya and Sen's (2003) recommendation and captured the degree of customers' identification by using the self-categorization scale of Bergami and Bagozzi (2000). This assessment is advantageous, since it differentiates the cognitive from the emotional element of customers' social identity relation with the company (Bergami and Bagozzi 2000; Ellemers, Kortekaas, and Ouwerkerk 1999; Riketta 2005). As a consequence, linking C-C identification directly to behavioral outcomes represents a short-cut evaluation because the prevailing measure lacks the motivational force as "cognitions, by themselves, cannot move one to act" (Bergami and Bagozzi 1996, 5). Ellemers et al. (1999) experimentally confirmed that self-categorization does not directly affect any ingroup favoritism. Similar empirical support stems from organizational research, demonstrating that indeed the affective part of individual's social identity is the underlying force that promotes beneficial behaviors on behalf of the company (Bergami and Bagozzi 2000). Given that self-categorization and affective commitment are distinguishable constructs and have a differential impact on loyalty, we need to consider how both relate to each other. The question if self-categorization induces attraction or vice versa has been experimentally addressed by Turner (e.g. 1985) who clearly concluded that the affect results from being of the same category. Hence, organizational commitment rests on the (cognitive) identification with the organization (Ashforth and Mael 1989) because the realization of being a member of a certain category is the necessary first step to derive emotional consequences from any cognitively perceived belongingness. And organizational research found empirical support for this effect (Bergami and Bagozzi 2000). Within self chosen 'memberships' – a condition that applies to most (re)purchase settings – the resulting affective commitment is even expected to be stronger (Ellemers et al. 1999). It might thus not surprise that Morgan and Hunt (1994) reported that customers' global commitment is levered by the amount of values that business partners share. A similar finding is reported by Brown, Dacin, and Gust (2005) who empirically demonstrated that C-C identification enhances customers' global commitment to the company (at least in a high involvement setting). In line with these findings we more specifically argue that customers “begin to like those with whom they identify” (Scott 1997, 103), and hypothesize that:

H_2: *The higher the degree of C-C identification, the higher the level of affective commitment.*

The initial motive that led to the study of identification was the consistently occurring beneficial behaviors that identified individuals displayed toward their identification object (Tajfel and Turner 1979). Customers too display various company supporting behaviors, which have been referred to as extra-role or citizenship behaviors in order to reflect their voluntary nature. Examples, apart from recommendation, include customers’ willingness to participate in improvement processes and to support the company in its well functioning (Bettencourt 1997). Organizational research empirically supports three distinct factors that support the company: Helping other workers, demonstrating sportsmanship, and civic virtue (Podsakoff and MacKenzie 1997). Extrapolating these into the customer realm, *helping* captures customers’ tendency to support other customers, s*portsmanship* reflects customers’ resilience to minor problems, and *civic virtue* captures their willingness to support the company with constructive improvement suggestions. Another behavioral response that marketers increasingly seek to stimulate is close to civic virtue, but goes one step further as it reflects a more active involvement in improvement processes: Co-creation (Prahalad and Ramaswamy 2004). Due to the construct’s new appearance in academia, *co-creation* is not part of any previous conceptualization, but will be logically integrated as extra-role behavior, reflecting customers’ free will to join the dialog. Regarding the force that promotes customers’ support, we assume in line with Ahearne et al. (2005) that high levels of C-C identification are associated with high levels of customers’ extra-role behaviors, but disagree that identification is a direct determinant of extra-role behaviors. Echoing findings in an employee setting (Bergami and Bagozzi 2000; Meyer et al. 2002), we assume, as outlined above, that affective commitment is the motivating force, mediating C-C identification's impact on these voluntary customer behaviors. As we are interested in how the different facets of customers' extra-role behaviors can be influenced by affective commitment, we substitute Ahearne et al.'s (2005) composite score with a translation of the three facets of employees' extra-role behaviors (civic virtue, sportsmanship, and helping behavior) into the consumption context (see appendix A) while adding the other two customer behaviors of interest (co-creation and recommendation). Stated formally we hypothesize that:

H_3: *Affective commitment enhances customers' willingness to engage in discretionary extra-role behaviors (i.e. civic virtue, co-creation, sportsmanship, helping behavior, and recommendation).*

All else being equal, customers should rather patronize those companies to which they feel emotionally connected. This leads to the argument that affectively committed customers should support the company with higher repurchase rates. In line with empirical findings (Fullerton 2005b; Hennig-Thurau, Gwinner, and Gremler 2002) we propose the following change in customers' repurchase intentions:

H_4: *Affective commitment to the company enhances customers' repurchase intentions.*

Customers' repurchase intentions enhance, when they perceive only few alternatives, viable alternatives that are difficult to access, or switching to an alternative will be connected with hassles and costs. These are factors that constitute continuance commitment and have empirically demonstrated to increase customers' repurchase intention (Bansal et al. 2004; Verhoef, Frances, and Hoekstra 2002). We therefore incorporate customers' continuance commitment to account for the other commitment motive that influences repurchase intentions and hypothesize that:

H_5: *Continuance commitment to the company enhances customers' repurchase intentions.*

Critical in our research endeavor is to include established drivers of relationship strength – most notably satisfaction. Reoccurring satisfactory exchanges are accompanied by positive emotions, which enforce a consumer's emotional bond toward the company as captured in affective commitment. This link between satisfaction and commitment, mostly reflecting affective content, received already empirical support (Brown et al. 2005; Gruen 1995), thus we propose:

H_6: *Satisfaction with the company enhances customers' affective commitment to the company.*

High levels of satisfaction reduce the availability of equally attractive alternatives and are also likely to increase any perceived switching costs. Evidence for the positive relationship between satisfaction and continuance commitment can be found in Fullerton (2005b). Thus we expect:

H_7: *Satisfaction with the company enhances customers' continuance commitment to the company.*

Concerning the impact of satisfaction on customers' in- and extra-role behaviors it is important to note that we do not expect the effects of satisfaction to be fully mediated by affective and continuance commitment. Instead, satisfaction is likely to affect behavioral intentions also directly. These effects are sometimes opposing to those of affective commitment, because high levels of satisfaction tend to be associated with lower necessity of improvement. As a result, we expect satisfaction to reduce customer extra-role behaviors with the goal of improving a company's operations (i.e. *civic virtue* or *co-creation*). In contrast, we expect satisfaction to enhance customers' *sportsmanship* and *helping* intentions. Highly satisfied customers might be more willing to assist other customers and share their positive experiences. This can also be seen as an act of reciprocity where a customer is returning a company's efforts on his behalf – for satisfaction reflects that s/he has been treated fair (Organ 1988). Regarding the resilience to negative experiences, we expect that high levels of satisfaction impose a higher level of tolerance and a buffer against minor deviations from excellent performance. Consequently, we expect satisfaction to enhance *sportsmanship behaviors*. Further, it is well documented that satisfaction is of pivotal relevance for increasing *recommendation* and *repurchase* intentions. Due to space limitations we refrain from fully developing hypotheses for the above proposed links, but include them in the empirical model to account for their influence (see figure 3.1). In addition, we control our findings for other potentially relevant constructs such as: Number of alternatives, length of the relationship, and a subjective rating of store reachability.

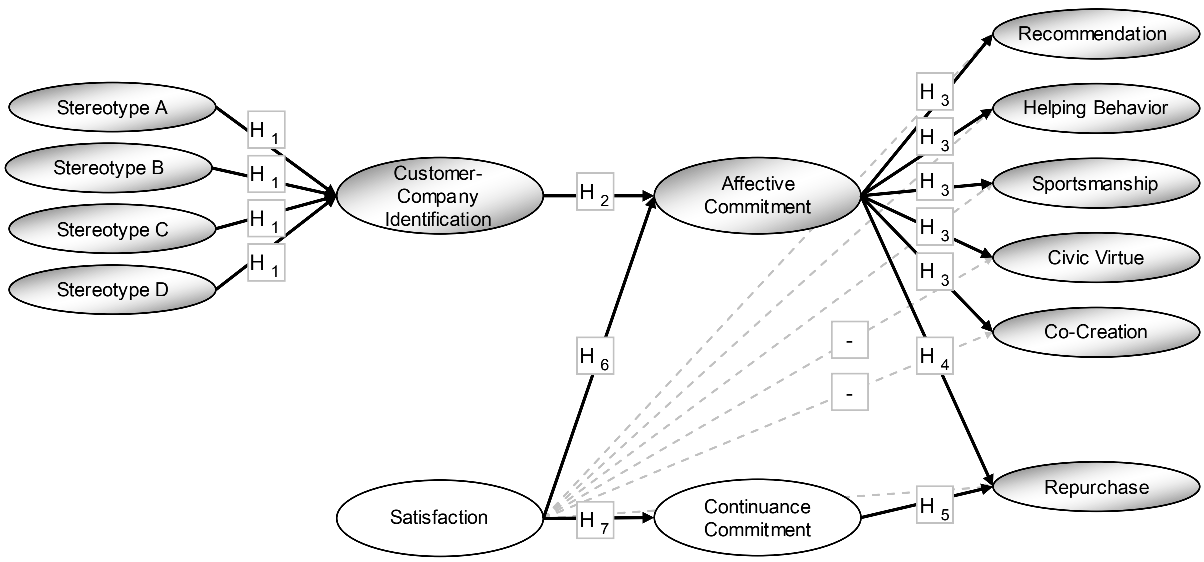

Figure 3.1: Hypothesized Model.
note: relationships are positive unless stated differently,
broken lines depict effects of satisfaction on outcomes as controls

Method

We cooperated with a multibrand retailer in a major European city. This setting suits well into the C-C identification framework as retailers are a classic example of companies that differ from the brands they sell and therefore allow to assess the relevance of a company's attributes in changing customer behavior. Moreover, retailers face increasing pressure to understand drivers, other than satisfaction, in order to foster customer loyalty (Bolton, Grewal, and Levy

2007; Burt and Mavrommatis 2006). In the first research phase, we conducted in-depth interviews to collect stereotypical company characteristics. Using an open-ended elicitation procedure, customers were asked for the characteristic attributes of the retailer defining its distinct, unique, and stable stereotypic characteristics (Bergami and Bagozzi 2000). To operationalize the remaining constructs in our nomological net we relied on established scales (see appendix A for construct operationalizations and scale origins). Selected items were refined based on results of a pretest with N=186 customers. For the main survey the cooperating retailer provided us with a random sample of 5,000 customer addresses from its data base. Questionnaires were sent by mail and included a stamped envelope for returning completed ones. In total 611 customers responded, which is equivalent to a response rate of 12.2 %.

Results

Prior to hypotheses testing, we excluded customers from the analysis who did not answer all relevant questions. This reduced the sample size to N=280. The mean age of the respondents was 46 years (SD=14.1) and 64% of them were female. The hypothesized model was estimated with LISREL 8.52 (Jöreskog and Sörbom 2001). With respect to antecedents we developed a list of salient company characteristics based on the in-depth interviews and a pretest, as stated above. Respondents in the main study were asked to indicate how well each of these characteristics describes the company. Based on exploratory factor analysis we found four factors of salient company stereotypes, which we labeled according to their content (see appendix B) as: Trendy, assortment, artistic interior design, and lifestyle. A subsequent confirmatory factor analysis validated discriminant and convergent validity. The maximum correlation between constructs was ϕ=.56 and all pairs of model constructs fulfilled the Fornell and Larcker criteria (1981) thus discriminant validity was achieved. With respect to consequences, our hypothesized structure with five distinct extra-role behaviors was perfectly confirmed. The maximum correlation was φ=.46 between *civic virtue* and *co-creation*, the minimum correlation was φ=.03 between *recommendation* and *sportsmanship*. The appendix A reports construct reliabilities.

Our hypothesized model possesses a good model fit: χ^2 (614) = 941.45, p= 0.00, RMSEA=.044, NNFI=.98, and CFI= .98. As proposed in H_1, three of the four company stereotypes determine C-C identification at p<.05 (lifestyle: $\gamma_{9\,1}$=.16, assortment: $\gamma_{9\,2}$=.20, and artistic interior design: $\gamma_{9\,3}$=.21). Results also confirm H_2 that C-C identification generates affective commitment ($ß_{7\,9}$=.42). Affective commitment in turn motivates both the classic in-role behavior repurchase ($ß_{4\,7}$=.31; H_4), as well as extra-role behaviors: Recommendation ($ß_{3\,7}$=.35), co-creation ($ß_{2\,7}$=.36), civic virtue ($ß_{5\,7}$=.39), and helping behavior ($ß_{6\,7}$=.26). Solely the effect of affective commitment on sportsmanship behavior is not significant ($ß_{1\,7}$=.05), thus our model provides qualified support for H_3. Concerning the effects of satisfaction, we could confirm the positive effect on continuance commitment ($ß_{8\,10}$=.30; H_7), but could not confirm the proposed effect on affective commitment ($ß_{7\,10}$=.06; H_6). Surprisingly, continuance commitment does not directly affect repurchase intention ($ß_{4\,8}$=-.07; H_5). Regarding the effects of satisfaction on in- and extra-role behaviors we did not assume these effects to be fully mediated by commitment facets, as stated in the hypotheses section. We can confirm additional direct effects of satisfaction on repurchase intent ($ß_{4\,10}$=.43, p< .01), but also on extra-role behaviors (sportsmanship: $ß_{1\,10}$=.31, p< .01; co-creation: $ß_{2\,10}$=-.18, p< .01; and recommendation: $ß_{3\,10}$=.46, p< .01). Only the effect on civic virtue was marginally non-significant at t=-1.94, but when we added the control variables (number of alternatives, length of relationship, and a subjective rating of store reachability), the effect became significant with $ß_{5\,10}$= -.21, p< .05. None of the other reported findings changed, when adding the control variables. Afterwards, we conducted a sequence of mediation tests and tested whether the effect of company stereotypes is fully channeled via C-C identification through affective commitment onto outcomes. We find only 3 out of 32 possible non-mediated effects to be additionally significant, implying partial mediation – for the indirect paths remained significant. Next, we tested if the effect from C-C identification on outcomes is fully mediated via affective commitment. None of the direct paths is significant, confirming full mediation by affective commitment. Further, consistent with our reasoning, the model results show no effect of continuance commitment on extra-role behaviors. Overall we see the *company stereotypes ➝ C-C identification ➝ affective commitment ➝ in- and extra-role behaviors* chain largely supported by our data. Our final model (without controls) explains 22% of the variance in C-C identification, 32% in affective commitment, 39% in satisfaction, 9% in continuance commitment, 60% in recommendation, 36% in repurchase, and from 11% to 21% in the remaining extra-role behaviors.

Conclusion

Our findings demonstrate the relevance of C-C identification via affective commitment for a broad set of relationship outcomes in a large nomological net, despite competing antecedents of relationship strength such as satisfaction. The results support previous findings concerning the relevance of salient company characteristics for the formation of C-C identification (Ahearne et al. 2005), but ads managerial relevance to them, as we are able to pinpoint that distinct factors (company stereotypes) can be distilled that account for C-C identification. Most important, we demonstrated in line with previous reasoning, that C-C identification does not directly enhance customers' beneficial behaviors, but that it is a powerful ingredient to drive affective commitment, which in turn triggers a variety of company supporting behaviors. Results hold also in the face of important controls such as number of alternatives, length of relationship and store reachability. We showed the existence of distinct extra-role behaviors and how they are connected to affective commitment. Affective commitment and satisfaction both possess direct and sometimes opposing effects on relationship outcomes. Satisfaction diminishes the propensity to engage in co-creation behavior (e.g., become member in a customer circle) or to show civic virtue (to make constructive suggestions for improvements of the store). This is an important finding, because it demonstrates that satisfaction does not represent a lever to enhance and foster a deeper customer interest in a company with the resulting willingness to engage in company supporting activities. In contrast, affective commitment, a consequence of C-C identification, strongly enhances the probability to engage in extra-role behaviors. Although economic bonding mechanisms are well captured through continuance commitment, our results do not support that they are a significant determinant of relationship outcomes in our study. Our findings clearly show the relevance of C-C identification because C-C identification (through affective commitment) motivates not only classic loyalty intentions, but it also supports a range of company supporting extra-role behaviors. Customers who identify with a company tolerate more mistakes during the service delivery, they act like part-time employees when helping other customers, stand up to report improvement chances, and even ‘act up’ to participate actively in improvement processes. Given our results, companies are well-advised to understand the distinct company stereotypes that foster their customers’ identification.

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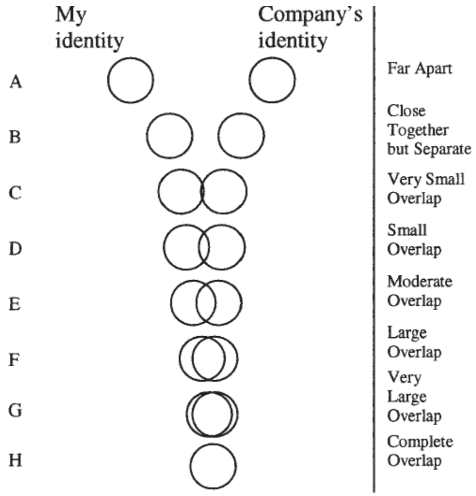
Appendix A

Table 3.1: Construct Operationalizations and Scale Origin.

Construct [Scale origin]	Item	Std. Load.	Mean (SD)	Constr. Rel.
Customer-Company Identification [Bergami and Bagozzi 2000]	Imagine that the circle at the left in each row represents your own personal identity and the other circle, at the right, represents the company's identity. Please indicate which case (A, B, C, D, E, F, G, or H) best describes the level of overlap between your and the company's identities. (Circle Appropriate Letter). 	.80	4.59 (1.56)	.82
	Please indicate to what degree your self image overlaps with the image of [store X].	.86	4.11 (1.21)	
Affective Commitment [b] [Bergami and Bagozzi 2000; Allen and Meyer 1990]	How strongly are you attached to [store X]?	.81	4.36 (1.46)	.86
	How strongly are you emotionally connected to [store X]?	.87	3.91 (1.60)	
	I do not feel any emotional bond towards [store X]. [reversed coded]	.76	4.10 (1.88)	
Continuance Commitment [b] [Allen and Meyer 1990; adapted after pretest]	It would be a hassle, if I could no longer shop at [store X].	.83	2.48 (1.59)	.91
	For me it would imply a great effort, if I couldn't shop at [store X] anymore.	.97	2.28 (1.54)	
	Efforts and costs would occur, if I could no longer shop at [store X].	.84	2.34 (1.60)	

Appendix A

Table 3.1 continued: Construct Operationalizations and Scale Origin.

Construct [Scale origin]	Item	Std. Load.	Mean (SD)	Constr. Rel.
Satisfaction [b]	I am very satisfied with [store X].	.83	5.30 (1.02)	.83
[Maxham and Netemeyer 2002]	Overall, I am very satisfied with [store X].	.85	5.44 (0.97)	
Repurchase Intention [a]	I will continue to be a loyal customer of [store X].	.79	4.27 (0.71)	.88
[Maxham and Netemeyer 2002]	I intend to shop at [store X] in the future.	.94	4.50 (0.62)	
	I will surely visit [store X] in the future.	.81	4.66 (0.58)	
Recommendation	I will say positive things about [store X] to other people.	.83	4.04 (0.87)	.86
Intention [a]	I will recommend [store X] to someone who seeks my advise.	.81	4.41 (0.69)	
[Fullerton 2005a]	I will encourage friends and relatives to shop at [store X].	.81	3.98 (0.93)	
Civic Virtue [a]	If I have ideas how to improve the assortment or service, I let [store X] know.	.91	2.67 (1.11)	.90
[Bettencourt 1997]	I make constructive suggestions to [store X] on how they could improve.	.85	2.46 (1.06)	
	If I have a useful idea on how to improve, I give it to someone at [store X].	.83	2.87 (1.13)	
Co-creation [b]	I would like to participate in an expert-workshop to improve the assortment of [store X].	.87	2.82 (2.02)	.89
[new scale]	I would like to become a member of a customer group whose opinion is obtained for new products and major changes.	.88	3.24 (2.06)	
	I would like to participate in planning and designing special events (e.g., fashion show, introduction of new car models) if asked.	.81	2.83 (1.98)	
Sportsmanship [b]	I do not make a mountain out of a molehill if something goes wrong at [store X].	.69	5.19 (1.29)	.91
[Yoon and Suh 2003]	If little problems occur at [store X], I do not mind.	.91	5.01 (1.28)	
	I do not discompose about minor inconveniences occurring at [store X].	.90	5.00 (1.28)	
	I am appreciative if bagatelles go wrong at [store X].	.86	5.04 (1.29)	
Helping behavior [a]	Assist other customers in finding products.	.63	3.55 (1.14)	.82
[Groth 2005]	If a customer of store X turns to me with a question, I am willing to help.	.85	4.26 (0.87)	
	If a customer needs help with the service, I am glad to help her/him.	.85	4.21 (0.87)	

[a] **Scale:** 1 [very unlikely] / 2 [rather unlikely] / 3 [maybe] / 4 [rather likely] / 5 [very likely]

[b] **Scale:** 1 [does not at all apply] / 2 [does hardly apply] / 3 [does rather not apply] / 4 [neither nor] / 5 [does rather apply] / 6 [does apply] / 7 [does totally apply]

Appendix B

Table 3.2: Company Characteristics.

Company Stereotype	Item / Company Characteristic	Std. Load-ing	Mean (SD)	Constr. Rel.
	Introduction: *Please, indicate what store X represents from your point of view.*			
Lifestyle [b]	- store X's country of origin	.93	5.88 (1.18)	.86
	- lifestyle of this country	.82	5.85 (1.12)	
Assortment [b]	- large range of assortment	.97	4.85 (1.39)	.89
	- diversity of assortment	.91	4.90 (1.33)	
Trendy [b]	- is trendy	.96	5.10 (1.21)	.91
	- is hip	.87	4.62 (1.34)	
Artistic interior design [b]	- artistic decoration of sales area	.95	4.96 (1.34)	.92
	- creative decoration of sales area	.96	4.95 (1.36)	
	- appealing arrangement of shop windows	.75	4.98 (1.32)	

[b] **Scale:** 1 [does not at all apply] / 2 [does hardly apply] / 3 [does rather not apply] / 4 [neither nor] / 5 [does rather apply] / 6 [does apply] / 7 [does totally apply]

4 Article 4

Angela Sommerfeld and Marcel Paulssen

Customer-Company Identification as a Main Element for Customer Commitment and Subsequent Behavioral Loyalty

Abstract

In their quest for sustained success in the marketplace, companies attempt to build strong and meaningful relationships with their customers. This genuine customer loyalty requires development of a better understanding of how companies can motivate their customers' commitment. The study adds to the evolving research stream on customer-company identification and investigates the mechanism by which a given company's identity fosters consumers' cognitive, affective, intentional and behavioral loyalty. Linking identification levels to repurchase behavior, the empirical findings support the relevance of customer-company identification, beyond satisfaction, in changing customers' purchase patterns that occurred 10 months following customers' company evaluation. While controlling findings for most important situational factors such as convenience, length of the customer-firm relationship, and numbers of alternatives the strong effect of customer-company identification remained unchanged. Further, it is demonstrated that companies can boost customers' identification by increasing their distinctiveness from competitors.

Customer-Company Identification as a Main Element for Customer Commitment and Subsequent Behavioral Loyalty

Introduction

For decades, customer satisfaction has been the cornerstone of successful relationship marketing. However, simply satisfying customers might not be enough to survive in the current marketplace as even highly satisfied customers defect (Jones and Sasser 1995; Oliver 1999; Reichheld 1996). Consequently, a renewed interest arises in other bonding candidates than satisfaction. In the quest for an effective mechanism to build strong customer relationships, some companies have recently attracted researchers' interest due to their obvious success in having established strong and dedication-based customer relationships. One of the most striking examples among them is the Apple Computer Corporation that has managed to build a fervently loyal customer base. Macintosh users are well known for their fierce loyalty (Belk and Tumbat 2005), a phenomenon that is also evident for some customer segments at Harley-Davidson (Schouten and McAlexander 1995), Saab (Muniz and O'Guinn 2001), Jeep (McAlexander, Schouten, and Koenig 2002), and Ducati (Bagozzi et al. 2005). Even at a first intuitive look it seems unlikely that their dedication-based customer relationships mainly stem from exceeded consumption expectations as those companies are obviously connected on a more meaningful level to customers' self. Consequently, current research once again turns attention to an ingredient that has often been assumed to generate commitment (Dwyer, Schurr, and Oh 1987; Morgan and Hunt 1994) and loyalty (Oliver 1999) on top of satisfaction: Identification. Identification occurs when consumers perceive a high degree of congruence between their identity and the identity of the seller, product, brand, or company. The symbolic identity of consumption objects strongly influences their attractiveness in the eyes of the customer. Because humans are not only pragmatic and functional oriented but also self-expressive, they use the consumption object's identity to demonstrate their being (Belk 1988), to signal a distinct identity (Berger and Heath 2007), and to construe their self (Escalas and Bettman 2005). However, the identity does not only affect consumption choices. Evidence indicates that customers develop also emotional bonds and become affectionate (Albert, Merunka, and Valette-Florence 2008; Chaudhuri and Holbrook 2001; Thomson, MacInnis, and Park 2005). Seeing that identity and identification refer to the core definition of the customer and the consumption entity they are likely candidates to establish the kind of committed customer relationships that marketers are increasingly seeking to build.

In response to the apparent success of companies such as Apple or Harley-Davidson in building dedicated customer relationships Bhattacharya and colleagues (Ahearne, Bhattacharya, and Gruen 2005; Bhattacharya and Sen 2003) have recently moved beyond management of the brand to develop a deeper understanding of the mechanism that enables companies to turn their customers into champions. Drawing on evidence from diverse domains, such as individual and organizational psychology, their consumer-company identification framework (Bhattacharya and Sen 2003) assumes that the attractiveness of a company is partly determined by the degree of similarity between the company's and the customer's identity. The more the company's identity is perceived as suitable to support the customer's self-definition the more likely s/he will actively seek to patronize the company. To date the evolving research stream on customer-company (C-C) identification confirmed the relevance of this ingredient in enhancing customer loyalty (Ahearne, Bhattacharya, and Gruen 2005; Brown et al. 2005; Lichtenstein, Drumwright, and Braig 2004). Yet, what remains unexplored is the generally shared assumption that C-C identification in essence represents the "psychological substrate for the kind of deep, committed, and meaningful relationships that marketers are increasingly seeking to build with their customers" (Bhattacharya and Sen 2003, p. 76). The study at hand is explicitly designed to follow their assumption and to shed light on the construct's ability to establish customers' intrinsically motivated commitment to the company. In the following section we will first sketch the most relevant theoretical elements of C-C identification for enabling a deeper understanding before our framework describes why and how we seek to integrate C-C identification into existing customer relationship research.

Theoretical Foundation of Customer-Company Identification

The theoretical foundation of explaining why customers identify with companies and how this identification fosters their loyalty is the social identity approach (e.g. Tajfel and Turner 1979; see also Haslam 2001; Oakes, Haslam, and Turner 1994). Its central assumption is that individuals do not only define their self via idiosyncratic attributes (e.g. abilities and interests), but also via socially shared attributes deriving from their membership in certain groups or categories (e.g. gender, age, occupation, employing company, clubs) (Mael and Ashforth 1992). The main theories of this approach are social identity theory (e.g. Tajfel 1978; Tajfel and Turner 1986) and self-categorization theory (e.g. Turner et al. 1987). Both complement each other insofar as the first theory explains the consequences of identification, whereas the latter is concerned with the antecedent conditions that lead to identification. Self-categorization theory bases on the notion that individuals have a need to simplify the social world around them in order to regulate their doing and also posits that individuals facilitate this simplification by categorizing themselves and others into groups or categories (Turner et al. 1987; Turner 1985). The perceptual basis for this classification form stereotypic associations that, similar to Rosch's (1978) prototypes, capture the central attributes of the given category. The more attributes the individual shares with this identification target the stronger the individual categorizes itself as a symbolic member of this category. Consistent with self-categorization theory, Bhattacharya and Sen (2003, p. 77) define, as we do, C-C identification as the "cognitive state of self-categorization" resulting from the perceived overlap in attributes that customers use to describe themselves and those that they ascribe to the company. However, one's social identity does not only consist of the initially judged similarity, it further encompasses two other elements that follow this comparison and build the tripartite of one's social identity. Therefore, according to social identity theory (Tajfel 1978, Tajfel and Turner 1986) an individual's social identity comprises: (1) a cognitive component, expressing the degree of self-categorization, (2) an evaluative component, reflecting the resulting self-esteem, and (3) an emotional component, catching the affective commitment toward the identification object. The evaluative component is likewise the anticipated benefit that motivates individuals to identify with categories. So when individuals have the choice between alternative identification objects they preferably try to be associated with those that satisfy self-enhancing attributes and in turn enhance their self-esteem. This leads to the argument that companies can represent attractive identification targets when they allow bolstering self-esteem. The broadest support stems from organizational settings, where employees, due to their intense contact with the employing company, regard the company's identity as an important part of their social identity (Dutton, Dukerich, and Harquail 1994). Here the social identity approach has been successfully applied for explaining employees' increases in loyalty and cooperation (Ashforth and Mael 1989; Bartel 2001; Bergami and Bagozzi 2000; Dukerich, Golden, and Shortell 2002; Elsbach 1999). As those who identify are concerned with the health of their identification object, they react and decide more in the interest of the company and are willing to 'go the extra-mile' (Edwards 2005; Mael and Ashforth 1992).

Transferring the social identity approach into the consumer realm, Bhattacharya and Sen (2003) argue that customers partly fulfill their needs for self-definition by patronizing companies which they perceive as attractive in supporting their individual identity and that this identification turns them into fervently loyal customers. Indeed the evolving research stream on C-C identification demonstrates that highly identified customers report higher product utilization (Ahearne, Bhattacharya, and Gruen 2005), spread a positive word-of-mouth (Bagozzi et al. 2005; Brown et al. 2005), are willing to support the company as e.g. informing the company representatives about competitors' actions (Ahearne, Bhattacharya, and Gruen 2005), and are even resilient to negative company information (Bagozzi et al. 2005).

Overview of Framework

The evolving research on C-C identification provided encouraging results regarding the construct's relevance in enhancing customer loyalty. To date this research has predominantly focused on the direct link between customers' cognitive degree of identification and subsequent loyalty intentions (e.g. Ahearne, Bhattacharya, and Gruen 2005; Lichtenstein, Drumwright, and Braig 2004). This approach has some limitations on the theoretical side, as will be described in the hypotheses section, and does not inform about the effect that C-C identification has on the core of the relationship.

Although C-C identification research draws on the social identity approach, the affective commitment that is included in identification has received nearly no attention (for an exception see Bagozzi et al. 2005). Current research rather assumes that C-C identification is the ingredient for deep and committed customer relationships. Moreover most research has centered on brand-product token. But simply deducing customer's commitment from repurchase intentions might not be very informative regarding the strength of the relationship with the company itself. It is unclear to what extent loyalty intentions or behaviors reflect commitment to the selling organization and to what extent they stem from the (branded) product's ability and relevance to facilitate self-expressional needs to others. Likewise interpreting C-C identification as customers' commitment to the company would be misleading by confusing the 'content of a particular identity' with the 'strength of people's ties toward the identification object' (Ellemers, Spears, and Doosje 2002). That is because self-categorization and affective commitment are related but distinct elements of one's social identity (Ashforth and Mael 1989; Bergami and Bagozzi 2000; Ellemers, Kortekaas, and Ouwerkerk 1999). Referring to this line of arguments a main goal of our study is to extend the C-C identification framework (Bhattacharya and Sen 2003) by explicitly integrating customers' affective commitment response to C-C identification as this would be more diagnostic regarding the construct's relevance to strengthen the customer-company relationship itself. Moreover, uncovering this link is strategically relevant as especially emotionally bond customers represent a competitive advantage (Bendapudi and Berry 1997; Hennig-Thurau, Gwinner, and Gremler 2000; Palmatier et al. 2006).

However, "identification is not simply a bilateral relationship between a person and an organization, isolated from other organizations, but a process in a competitive arena" (Bhattacharya, Rao, and Glynn 1995, p. 54). As self-categorization is more meaningful when the identification target differs from competing alternatives (Brewer and Brown 1998) we will explore the relevance of the company's distinctiveness for C-C identification. In addition, we will control the consequences of C-C identification by customer satisfaction and account for variations in customer relationship duration, number of perceived alternatives, and convenience of the company's location.

Summarized the study at hand is designed to answer four key research questions: (1) Does C-C identification affect the customer-company relationship itself?, (2) To what extent does customers' identification impact customers' future behavior (purchase visits) and financial outcomes (revenues)?, (3) How strongly does the company's distinctiveness impact

C-C identification?, and (4) How effective is C-C identification beyond satisfaction to build committed customer relationships? In the following section we develop hypotheses to address these questions.

Hypotheses

Our investigation mainly focuses on the relevance of C-C identification beyond satisfaction for building strong customer-company relationships, indicated by high levels of commitment and purchase behavior. Reflecting this dual influence, we will first develop the chain of effects that leads from C-C identification to loyalty and include a mechanism (i.e. distinctiveness) by which companies can foster C-C identification. We will do so by following the steps in loyalty formation from cognition to behavior (Oliver 1999); because for evidence of true loyalty it is argued that all three preceding stages in the behavioral loyalty formation have to be integrated: Cognition, affect, and intention (Jacoby and Chestnut 1978). Afterwards, we will briefly integrate the known effects of satisfaction into this loyalty chain and finally include important control variables in our nomological net.

The Social Identity-Based Path to Loyalty

The prevailing C-C identification research follows Bhattacharya and Sen's (2003) recommendation and captures the degree of customers' identification by using the self-categorization scale of Bergami and Bagozzi (2000). This approach is advantageous as it differentiates between the cognitive and the emotional element of customers' social identity (Bergami and Bagozzi 2000; Ellemers, Kortekaas, and Ouwerkerk 1999; Riketta 2005). Focusing on the perceptual similarity between customer and company is especially beneficial as it concentrates on the company's symbolic image propositions that stimulate customers' identification (Ahearne, Bhattacharya, and Gruen 2005; Lichtenstein, Drumwright, and Braig 2004). However, from a theoretical perspective linking C-C identification directly to behavioral outcomes is a short-cut evaluation, because the prevailing measure lacks the motivational force as "cognitions, by themselves, cannot move one to act" (Bergami and Bagozzi 1996, p. 5). This line of thought is also strongly supported by organizational research that has demonstrated that indeed the affective part of one's social identity is the underlying force that promotes beneficial behaviors on behalf of the company (Bergami and Bagozzi 2000). In contrast, self-categorization does not directly affect any ingroup favoritism (Bergami and Bagozzi 2000; Ellemers, Kortekaas, and Ouwerkerk 1999). Thus, it is not surprising that consequences vary with the applied organizational identification measure (Riketta 2005) and that some marketing researchers seek to include emotional responses in their identification measure (e.g. Bagozzi et al. 2005; Homburg, Wieseke, and Hoyer 2009).

Customer-company identification → affective commitment. If self-categorization and affective commitment are distinguishable constructs and have a differential impact on loyalty, we need to consider how both relate to each other. The question if self-categorization induces attraction (i.e. liking) or vice versa has been experimentally addressed by Turner (1985) who clearly concludes that the affect results from self-categorization. Hence, organizational commitment rests on the (cognitive) identification with the organization (Ashforth and Mael 1989), because the realization of being a member of a certain category is the necessary first step to derive emotional consequences from any cognitively perceived belongingness. Later research has empirically supported this chain of effects (Bergami and Bagozzi 2000). Within self-chosen memberships – a condition that applies to most (re)purchase settings – the resulting affective commitment is expected to be even stronger (Ellemers, Kortekaas, and Ouwerkerk 1999). Therefore, it might not surprise that Morgan and Hunt (1994) reported that customers' global commitment is levered by the amount of values that business partners share. A similar effect found Brown et al. (2005) for the relevance of C-C identification to enhance customers' general commitment at least in a high involvement setting (automobiles).

In line with these findings we more specifically argue that customers "begin to like those with whom they identify" (Scott 1997, p.103), and hypothesize that:

H_1: *Customer-company identification enhances customers' affective commitment to the company.*

Affective commitment → loyalty. Customer commitment is inseparable from the notion of loyalty (Dick and Basu 1994; Day 1969; Jacoby and Chestnut 1978) and it is seen "as key to achieving valuable outcomes" (Morgan and Hunt 1994, p. 23; Bansal, Irving, and Taylor 2004; Garbarino and Johnson 1999; Gruen, Summers, and Acito 2000). Generally, commitment has been conceptualized as unidimensional, although researchers have criticized this superficial conceptualization (Cater and Zabkar 2009). Going beyond this global conceptualization, two distinguishable motives influence loyalty, roughly mirroring calculus and affect. The affective commitment motive received a special attention in employee-company relationships, as affectively bond employees are outstanding loyal to their company as is evident in lower defection rates, better performance, and other non expected supportive actions (see the meta-analysis of Meyer et al. 2002). In marketing the recognition of commitment facets is quite recent. Due to the construct's relational nature these applications have mainly focused on business-to-business relationships (e.g. Gruen, Summers, and Acito 2000) and only exceptionally on consumer settings (Bansal, Irving, and Taylor 2004; Fullerton 2005a,b; Harrison-Walker 2001). Mirroring findings in organizational settings, customers with affective commitment refrain from switching, (Fullerton 2005a; Wetzel, de Ruyter, and Birgelen 1998), have higher intentions to recommend (Fullerton 2005a,b; Verhoef, Franses, and Hoekstra 2002) and even higher intentions to repurchase (Fullerton 2005b). We thus conclude that, similar to organizational settings, affectively bond customers tend to support the company above average as indicated by higher purchase spendings and more frequent purchase visits. Nevertheless, in order to avoid any spurious loyalty assessment we will mediate customers' affective commitment onto loyalty behavior via intentions. Although there is wide agreement that intentions drive behavior, empirical results vary in the strength of their prediction (Sheppard, Hartwick, and Warshaw 1988) so that researchers seek to develop new measures (Reichheld 2003). One argument why intentions fail to better predict behavior is attributed to the low motivation of customers and their cognitive inability to take intervening factors into account (Seiders et al. 2005). Alike, psychological research points to a general difficulty humans face when confronted with a spontaneous judgment on a rather abstract level (Johnson-Laird 1983). As these inferential flaws can even be reversed, once the question is anchored in a more familiar way, we additionally measure repurchase intention with a more concrete question: 'How often will you revisit the store in the future?' Asking customers to estimate their future visit frequency should enhance their elaboration depth and help to take moderating circumstances into account, as this represents a more naturalistic question. This line of thoughts leads to the following set of hypotheses:

H_{2a}: *Affective commitment to the company enhances repurchase intention.*

H_{2b}: *Affective commitment to the company enhances revisit intention.*

H_3: *Repurchase intention enhances future (a) purchase visits and (b) purchase spendings.*

H_4: *Revisit intention enhances future (a) purchase visits and (b) purchase spendings.*

Distinctiveness → customer-company identification. For securing loyalty it is not only important that categories as e.g. companies satisfy the need for belongingness, they also need clear boundaries that differentiate them from others. This is because categories are more meaningful when they contrast with alternatives. Therefore, social identity researchers support the notion that people are especially motivated to identify when they perceive the identification target to differ in a meaningful way from other entities of the same category (Brewer 1991; Brewer and Brown 1998; Elsbach and Bhattacharya 2001). In order to clearly define their identity customers seek to accentuate their own distinctiveness (Berger and Heath

2007; Fournier 1998; Lynn and Harris 1997; Snyder 1992; Tian and McKenzie 2001) so that fulfilling customers' need for self-distinctiveness is assumed to increase C-C identification (Bhattacharya and Sen 2003). Hence, if an organization offers values which are distinct in relation to other comparable organizations, people exhibit a tendency to identify with this organization (Ashforth and Meal 1998; Dutton, Dukerich, and Harquail 1994). As self-distinctiveness in consumption is only possible if the company signals a distinctive and therefore different position with respect to competitors, we hypothesize that:

H_5: *Distinctiveness of the company enhances C-C identification.*

The Satisfaction-Based Path to Loyalty

Past marketing research has continuously demonstrated that satisfaction is a central ingredient for customer loyalty. Accordingly, when examining the effect of C-C identification, it is important to control for those research findings. Neglecting the influence of satisfaction would be especially problematic in our hypothesized chain of effects, as satisfaction is known to impact both customer loyalty and commitment. Consequently, only the incorporation of customer satisfaction will inform about the relative influence of C-C identification to strengthen customer relationships.

Satisfaction → loyalty intentions. Customer satisfaction is grounded in previous consumption experiences that equaled or exceeded customers' initial expectations (Anderson and Sullivan 1993; Oliver 1997; Szymanski and Henard 2001). Based on this successful fulfillment satisfied customers exhibit stronger intentions to repurchase (Homburg, Koschate, and Hoyer 2005; Jones and Reynolds 2006; Jones, Mothersbaugh, and Beatty 2000; Szymanski and Henard 2001). As these effects are well known we expect satisfaction to increase loyalty intentions in our study. Stated formally we hypothesize that:

H_{6a}: *Satisfaction enhances repurchase intention.*

H_{6b}: *Satisfaction enhances revisit intention.*

Customers value satisfying exchanges. Accordingly, their commitment to the relationship is largely influenced by prior satisfaction experiences (Brown et al. 2005; Chaundhuri and Ligas 2003; Gabarino and Johnson 1999; Gruen 1995). High satisfaction levels reflect that customers have been treated well and received at least what they expected. From organizational studies it is well known that positive experiences with the company enhance employees' affective commitment to the company (see the meta-analysis of Meyer et al. 2002). Early indications for an equivalent effect in the customer realm exist as well (Fullerton 2005b; Gustafsson, Johnson, and Roos 2005). In order to avoid an overestimation of the relevance of C-C identification for affective commitment we include the following hypothesis in our nomological net:

H_7: *The more satisfied customers are, the more they are affectively committed to the company.*

Control Variables

When examining the proposed main effects it is necessary to control for additional factors that potentially influence the main constructs as follows.

Length of the customer-company relationship. With customers' ongoing decision to stay with a current buying alternative, as expressed by the length of the relationship, customers develop a habitudinal tendency to reselect the current alternative (Seiders et al. 2005; Verhoef, Franses, and Hoekstra 2002). Hence, we will control loyalty behavior and intention for this effect. Second, as Dwyer, Schurr, and Oh (1987) argue, high levels of commitment evolve only over longer relationship durations. This phenomenon has also received empirical support, advising us to control the level of affective commitment for the length of the customer-company relationship (Palmatier et al. 2006; Verhoef, Franses, and Hoekstra 2002). Third, customers who remain longer in the relationship can be expected to have accumulated higher levels of satisfaction (Bolton 1998). In order to control this bias we integrate the known effect of relationship length on satisfaction (Palmatier et al. 2006). Fourth, following self-categorization theory, the length of the relationship should increase the cognitive accessibility of the company as identification object (Haslam, Postmes, and Ellemers 2003). In line with empirical support by Bhattacharya, Rao, and Glynn (1995) we control the level of C-C identification for the length of the customer-company relationship.

Convenience. Already Copeland (1923) noted the relevance of convenience for loyalty: "The consumer is in the habit of purchasing convenience goods at stores located conveniently near his residence, near his place of employment, at a point that can be visited easily on the road to and from his place of employment, or on a route traveled regularly for purposes other than buying trips". Easy access to consumption alternatives enhances customers' likability to patronize (Seiders et al. 2005; Seiders, Berry, and Gresham 2000). Convenience can be one reason for loyalty to occur, even if customers do not perceive their choice to be superior (see Jacoby and Chestnut 1978 for a similar line of thought). Consequently, we control customers' loyalty intentions and behaviors for convenience to take this situational influence on loyalty into account (Oliver 1999).

Number of alternatives. According to Oliver (1999) authentic loyalty only exists when customers remain loyal despite existing alternatives. The fewer alternatives appear to be valid the higher is customers' intention to stay loyal (Jones, Mothersbaught, and Beatty 2000). We therefore control loyalty intentions and behaviors for the number of alternatives. Second, an enhanced set of alternatives can jeopardize affective loyalty (Oliver 1999); due to the perception of vital alternatives consumers might feel less committed (Morgan and Hunt 1994) once they perceive other options to be real alternatives. We account for this vulnerability by controlling customers' affective commitment for the number of alternatives. Third, the sense of oneness with the focal company might be obscured when customers perceive more alternatives. In line with empirical support (Bhattacharya, Rao, and Glynn 1995) we control the level of C-C identification for alternatives. Fourth, we expect that the number of alternatives is influenced by the distinctiveness of the focal company, thus taking this relationship into account.

Empirical Study and Methodology

Setting

For the empirical study we cooperated with a multibrand retailer in a major German city. This setting suits well into C-C identification framework that expands the scope of marketing beyond brands and focuses on the non-product aspects of a company in shaping customers' reactions (Ahearne, Bhattacharya, and Gruen 2005). Furthermore, retailers face increasing pressure to understand drivers, other than satisfaction, in order to foster customer loyalty (Ailawadi and Keller 2004; Bolton, Grewal, and Levy 2007; Burt and Mavrommatis 2006; Jones and Reynolds 2006; Puccinelli et al. 2009). Our retailer's assortment comprises low involvement products, ranging from food to clothes – also being highly available at competing retailers throughout the city. From a theoretical standpoint we selected this setting, because it gave us the opportunities to follow Bhattacharya and Sen's call (2003) to test for the relevance of C-C identification in less interactive settings.

Sample

The cooperating retailer provided us with a random sample of 5,000 customer addresses from its data base. Questionnaires were sent via mail and included a stamped envelope for returning completed ones. In total, 611 customers responded which is equivalent to a response rate of 12%. To test the proposed linkages we collected behavioral data (purchase visits and purchase spendings) in a 10-month period following the survey.

Measures

Customer-company identification. In order to maintain the cognitive focus of previous C-C identification studies we employed Bergami and Bagozzi's (2000) self-categorization measure which is usually the first choice for C-C identification researchers (e.g. Ahearne, Bhattacharya, and Gruen 2005; Brown et al. 2005; Lichtenstein, Drumwright, and Braig, 2004). Their measure assesses the perceived overlap between characteristics that define the customer's identity and those that customers associate with the company's identity. The measure has two parts, a visual and a verbal scale. The visual scale consists of two circles that gradually increase in overlap. Respondents were instructed that one circle represents their own, whereas the other represents the company's identity. They then indicated the perceived overlap between both identities by marking the degree of overlap that best matches their similarity perception (1 = 'no overlap,' 8 = 'complete overlap'). The verbal scale asks to 'indicate to what degree your self-image overlaps with the company's image', offering a 7-point Likert scale anchored with 'not at all' and 'very much'. A strong advantage of this measure is that it purely captures the cognitive component of customers' identification as it is free of any emotional identification.

Affective commitment. We measured customers' affective social identity via affective commitment (Bagozzi and Lee 2002). As marketing has agreed on using the well validated scales of Allen and Meyer (e.g. 1990) in various contexts (e.g. Bansal, Irving, and Taylor 2004; Gruen, Summers, and Acito 2000), we operationalized affective commitment using their scales. We reversed negative poled items and asked to indicate the extent to which customers e.g. 'feel emotionally attached to the company'. The items were measured with 7-point Likert scales anchored with 1 = 'does not apply at all' and 7 = 'completely applies'. Two additional items (Bagozzi and Lee 2002) asked respondents 'How attached are you to the retailer?' and was measured on a 7-point bipolar scale with the endpoints 'Not at all attached:

I have no positive feelings toward the retailer.' and 'Attached very much: I have very substantial positive feelings toward the retailer.' The second item asked 'How strong would you say your feelings of belongingness are toward the retailer?' The 7-point bipolar scale had the endpoints 'not at all strong' and 'very strong'.

Distinctiveness. We measured the potential to satisfy self-definitional needs for distinctiveness by adapting the perceived uniqueness scale of Dean (1999) into the context of the present study. In order to capture the perceived distinctiveness from other comparable companies we therefore asked respondents to compare the company with others of the same kind on a 7-point bipolar scale. Three items were anchored with 'similar/different', 'equal/unequal', and 'not unique/very unique'. A forth item capturing how strongly the company 'stands out' from its competitors has been removed from the scale due to low correlation with the other scale items, which we attributed to the implicit reflection of the company's prestige. As this would rather apply to self-enhancement needs than to self-distinctiveness we removed the fourth scale item.

Satisfaction. We adapted the scales of Maxham and Netemeyer (2002), asking respondents to indicate on 7-point Likert scales ranging from 'very dissatisfied' to 'very satisfied' how strongly they agree to statements as 'I am very satisfied with the company' and 'How satisfied are you with the company'.

Loyalty intentions. We employed two measures to capture customers' intention to stay loyal. To measure repurchase intentions, scales of Fullerton (2005b) and Jones and Reynolds (2006) were adapted, centering on the likability of repurchase and loyalty intentions by using a 5-point Likert scale, e.g. 'I intend to shop at this company in the future'. In order to enhance customers' elaboration depth we additionally asked them to estimate 'How often do you intend to visit the company on average?' Respondents could indicate visit frequencies between: 1 = ‘once a year’, 2 = ‘several times a year, 3 = ‘once a month’, 4 = ‘several times a month’, 5 = ‘once a week’, and 6 = ‘several times a week’.

Repurchase behaviors. Following Seiders et al. (2005), we operationalized repurchase behavior using two measures from the company’s records: The frequency of purchase visits and the amount spent during a 10-month period follow-up participation in the survey. Matching survey and company data was accomplished using a code on the mailed questionnaire.

Access convenience. Convenience regarding the location of the company was captured with the statement ‘The company is easily accessible to me’, respondents agreed on a 7-point Likert scale, anchored with 1 = ‘does not at all apply’ and 7 = ‘does totally apply’.

Number of alternatives. Based on face-to-face in-depth interviews (N=9) and a pretest (N=186), we named five companies that had been regarded as relevant alternatives for previously interviewed customers. Respondents were asked to indicate if these companies do or do not represent a real alternative for them, forming the basis of the total number of relevant alternatives. In order to avoid a too strong restriction, we additionally included an open statement were respondents could eventually indicate an additional alternative. Merely 4.8% used this statement to name another alternative.

The appendix A presents all scales used in our analyses and reports construct reliabilities where applicable.

Results

Testing of the proposed linkages leading from cognition to behavior required to exclude respondents whose purchase behavior was shaped by other deciders. We therefore excluded respondents who stated to purchase on someone else’s instruction (9%) as well as those that do not use their loyalty card while shopping (7%). Further, we excluded respondents that displayed extreme outliers on purchase visits or spendings (3%), stated virtually impossible length of relationships (1%) as well as extreme multivariate outliers on measures of satisfaction (2%), C-C identification (2%), and distinctiveness (0.5%). This resulted in an effective sample size of N=455. The mean age of respondents was 46 years (SD=13.9) and 68% of them were female. Within the 10 months following the customer survey the mean visit frequency was 2.93 (SD=4.73) and mean spendings were 144€ (SD=233). The hypothesized models were estimated with LISREL 8.52 (Jöreskog and Sörbom 2001). The maximum correlation between constructs was ϕ=.64 and all pairs of model constructs satisfied the Fornell and Larcker criteria (1981), thus discriminant validity was achieved. Composite reliabilities were at minimum .81, thereby exceeding the recommended thresholds of Bagozzi and Yi (1988).

Main results

We tested our hypothesized chain of effects with two separate models, one were the dependent behavior was future purchase visits and another were the dependent was purchase spendings. Both models included the above mentioned controls: Length of the customer-company relationship, number of alternatives, and access convenience. We first report the main results for the *purchase visits model,* which fits the data well as indicated by: χ^2 (167)=371.18, p=0.00, RMSEA=.050, NNFI=.97, and CFI=.98, and standardized RMR=.05. The results clearly show that the level of C-C identification strongly determines customers' affective commitment to the company ($\beta_{2\ 1}$= .52, p< .001), thus supporting H_1. Affective commitment in turn increases customers' repurchase intention ($\beta_{3\ 2}$= .28, p< .001) as well as revisit intention ($\beta_{4\ 2}$= .21, p< .01), thereby supporting H_{2a} and H_{2b}. While customers' revisit intention strongly enhances their actual future purchase visits ($\beta_{5\ 4}$= .44, p< .001), repurchase intentions fail to predict future purchase visits ($\beta_{5\ 3}$= .04, p> .05). We thus find support for H_{4a} but not for H_{3a}. In line with H_5 the perceived distinctiveness of the company from alternatives strongly enhances C-C identification levels ($\beta_{1\ 7}$= .20, p< .01). Further, the results demonstrate that not only C-C identification establishes affective commitment, but also satisfaction ($\beta_{2\ 6}$ = .15, p< .01), thus supporting H_7. In line with previous findings satisfaction enhances repurchase intentions as formulated in H_{6a} ($\beta_{3\ 6}$ = .33, p< .001), but it does not explain customers variations in revisit intention (H_{6b}; $\beta_{4\ 6}$ = -.04, p> .05). Our hypothesized chain of effects displays full mediation, except for one additional path leading from distinctiveness to affective commitment ($\beta_{2\ 7}$= .10, p< .05). The reported models include this partial mediation.

Next, we tested the *purchase spendings model*. None of the above reported effects changed while the model fits the data equally well (χ^2 (167)=371.74, p=0.00, RMSEA=.050, NNFI=.97, and CFI=.98, and standardized RMR=.05). Again, customers' revisit intention strongly enhances their future purchase spendings (H_{4b}; $\beta_{5\ 4}$= .31, p< .001), whereas the relevance of repurchase intention remained non-significant (H_{3b}; $\beta_{5\ 3}$= .03, p> .05). The tables in appendix B provide an overview of the reported findings.

Controls

In both models the length of the customer-company relationship indeed enhances customers' affective commitment to the company ($\beta_{2\ 8}$= .12, p< .01), customers' level of C-C identification ($\beta_{1\ 8}$= .14, p< .01), and their satisfaction with the company ($\beta_{6\ 8}$= .10, p< .05). Marginally non-significant is the effect of the relationship length on actual purchase visits ($\beta_{5\ 8}$= .08, t=1.96), whereas access convenience strongly enhances customers' revisit intention ($\beta_{4\ 9}$= .25, p< .001). Further, with increasing distinctiveness the number of perceived alternatives diminishes ($\beta_{10\ 7}$= -.18, p< .05).

To summarize, our results provide qualified support for our hypothesized chain that self-referential company perceptions indeed pose a lever to enhance customers' emotional bonds toward the company, which in turn shapes their future purchase behavior. This chain of effects even holds when taking satisfaction levels and important controls into account. Both models explain 46% of variations in affective commitment, 29% in repurchase intention, and 11% in revisit intention. Regarding customers' future purchase behavior, our chain of effects explains 22% of variations in purchase visits and even 12% in actual purchase spendings. Figure 4.1 gives an overview of the findings.

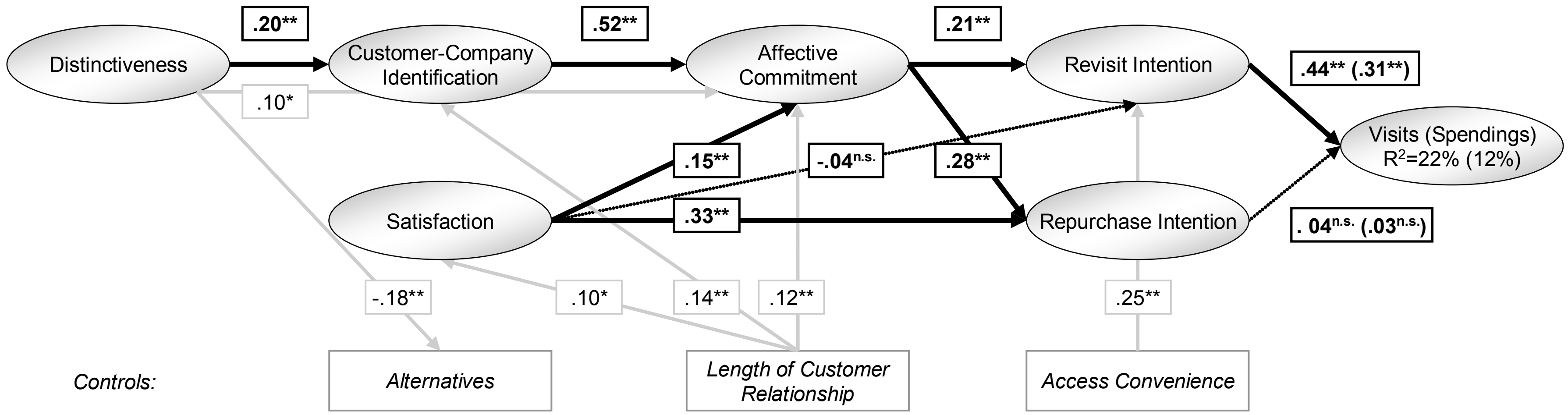


Figure 4.1: Customers' Evaluation of the Company and Future Purchase Visits (respectively Spendings).

note: *Controls are depicted in italics and non-significant effects of controls are omitted for ease of interpretation.*
We report completely standardized path coefficients.
For coefficients that differ across purchase visits and purchase spendings models, effects of the latter are stated in brackets.

Purchase Periods

The above reported models base on customer's purchase behavior that followed within the 10 months after the completion of the questionnaire. Within this timeframe 276 of the 455 customers at least visited the store once and made a purchase. However, in order to assure that behavior is rather predicted by cognition than by circumstances, we excluded behavior that took place in the Christmas season. The rational behind this approach is that Christmas season might on the one hand lead to different purchase patterns (i.e. gifts) and on the other hand might be affected by a sample bias, as customers also chose this time of the year for vacation. Nevertheless, to test for the stability of our model, we not only collected data at one point in time, but at 3 equally long periods surrounding the Christmas season. We therefore additionally assessed the quality of our model in predicting behavior within the different time periods plus the omitted Christmas season. The results strongly support the stability of our models over time (see table 4.1). Especially for the purchase visits model, where behavior naturally varies less than within the purchase spendings model, the model predicts purchase visits not only directly following the survey, but also those at time point 4, which actually is 10 months apart from customer's evaluation of the company. In contrast, we see a sharp decline for the Christmas season. Especially noteworthy is that the Christmas-model fits the data equally well and relations between constructs remain unchanged, except that visit intentions decline in influence ($\beta_{5\,4}$= .25, p< .001), whereas the access convenience gains relevance in predicting customers' purchase visits ($\beta_{5\,9}$= .12, p< .01). We interpret this finding as in line with our reasoning that during this special time of the year customers are more affected in their behavior by circumstances (i.e. convenience might be more relevant due to gift shopping). Regarding customers' purchase spendings we find a similar pattern.

Table 4.1: Explained Variance in Purchase Behavior across Time Periods.

Point in Time	Length of Period	Collected Data	Explained Variance (R^2):		
time 0		customer survey	purchase visits	purchase spendings	N of visitors
time 1	3 months	purchase behavior	16%	6%	193
time 2	*1 month (Christmas season)*	purchase behavior	*11%*	*2%*	*131*
time 3	3 months	purchase behavior	20%	7%	176
time 4	3 months	purchase behavior	20%	9%	170

Discussion

Previous research on C-C identification has mainly been conducted in settings where customers interact rather intensively with the focal company or its representatives, as it is the case for brand/company centered activities or between business partners (Ahearne, Bhattacharya, and Gruen 2005; Bagozzi et al. 2005; Bhattacharya, Rao, and Glynn 1995; McAlexander, Schouten, and Koenig 2002). These settings are very likely to induce C-C identification. Due to customers' heightened embeddedness in the social net surrounding the company (e.g. company employees, advertisement, products) they perceive the company as a more salient identification target as the social identity approach suggests (Brewer and Gardner 1996; Dutton, Dukerich, and Harquail 1994; Hogg and Terry 2000; Reed 2002; Scott and Lane 2000). Therefore, C-C identification researchers have encouraged to extrapolate this research into less interactive settings (Ahearne, Bhattacharya, and Gruen 2005; Bhattacharya and Sen 2003). Our retail setting met those criteria, as even the nature of the retailer's product assortment did not require intense interactions with the company's employees in order to find a suitable purchase option. Following the call of Bhattacharya and colleagues, the objective of this research was to address several important gaps in the evolving research stream centering on customers' identification with companies.

First, it has been argued that C-C identification leads to meaningful and committed relationships (Bhattacharya and Sen 2003), but research has mainly focused on customers' increase in their commitment to repurchase as well as to spread a positive word-of-mouth

(Ahearne, Bhattacharya, and Gruen 2005; Lichtenstein, Drumwright, and Braig 2004). Solely Brown et al. (2005) have investigated the relevance of C-C identification in fostering customers' commitment to the relationship. Drawing on the theoretical underpinnings of C-C identification, we explicitly focused on the underlying motive of this relationship commitment. By doing so, our findings demonstrate that C-C identification indeed changes the customer-company relationship by boosting customers' emotional bond to the company – we interpret this as a substantial qualitative change that reflects the central element of a relationship (i.e. felt belongingness to the company). Our approach also addresses the question of other C-C identification researchers (Homburg, Wieseke, and Hoyer 2009, p. 49): What are "the effects of different identification components (cognitive, affective, and evaluative identification) using elaborated scales, as suggested by Bergami and Bagozzi (2000)"? With pinpointing the meaning of customers' commitment as affect our findings demonstrate that the cognitive part of customers' identification (i.e. C-C identification) energizes behavioral intentions solely via the generation of affective commitment. This more precise assessment of (affective) commitment might also explain why Brown et al. (2005) found only a partial mediation of C-C identification via commitment onto word-of-mouth behaviors. Indeed, our findings strongly support that C-C identification, as pure cognition, does not affect loyalty intentions or behaviors at all. This result is in line with organizational research (Bergami and Bagozzi 2000) and findings in business-to-business relationships (Morgan and Hunt 1994). Consequently, when estimating outcome effects of C-C identification it seems advisable to include both parts of customers' social identity: Cognitive C-C identification and affective commitment.

Second, it is important to understand the relevance of C-C identification beyond satisfaction (Homburg, Wieseke, and Hoyer 2009) in order to estimate the construct's effectiveness in strengthening the customer-company relationship. In this regard, our results strongly underscore the relevance of C-C identification beyond satisfaction in shaping a dedication based relationship, as the effect of C-C identification on affective commitment is much stronger than the effect of satisfaction ($\beta_{2\,1}$= .52 vs. $\beta_{2\,6}$= .15). This is important as affective commitment is central to customers' intention to stay loyal which is evident in enhanced revisit ($\beta_{4\,2}$=.21) and repurchase intentions ($\beta_{3\,2}$=.28). In contrast satisfaction merely increases repurchase intention directly, but poses no lever to directly increase visit intentions. This is especially noteworthy as our results provide a stark contrast regarding both intentions' ability to predict actual future loyalty. Linking both intentions to purchase behavior demonstrates that revisit intentions are much more diagnostic in predicting customer behavior because mere repurchase intentions fail to predict future loyalty. We interpret this finding in line with our assumption that people generally provide more accurate judgments on questions that are framed in real world terms than on rather abstract statements. As such asking them to estimate their visit frequency will more automatically enforce them to take moderating circumstances into account (e.g. due to exercising on Saturdays once a week is unrealistic). This argument is in line with the meta-analysis of Sheppard, Hartwick, and Warshaw (1988). However, there is also some chance that respondents estimated their future visit frequency based on prior shopping frequency. If so, this measure should be expected to be especially suitable in predicting future behaviors (Bagozzi and Warshaw 1990; Lee 2000). Nevertheless, as our results base on objective behavior that followed within a 10-month period the findings cannot be attributed to common variance. In addition, the findings suggest to foremost control C-C identification, affective commitment, and satisfaction for the length of the customer-company relationship.

Third, our results support the notion that identification is more than a bilateral relationship between a customer and a company. Instead C-C identification is influenced by the perceived distinctiveness in contrast to other companies (Bhattacharya, Rao, and Glynn 1995). With increasing distinctiveness of the retailer, customers are given a better chance to position their identity unmistakably and accordingly can more easily fulfill their need for self-distinctiveness as assumed (Bhattacharya and Sen 2003). In line with organizational research (Mael and Ashforth 1992) our results demonstrate that C-C identification is especially strong when customers perceive the company to be distinct from competing alternatives. This distinctiveness did not only affect the level of cognitive identification in our study, but also customers' affective commitment. In line with our assumption the perceived distinctiveness from other multibrand retailers clearly reduces the number of relevant alternatives for customers in our study ($\beta_{10\ 7}$= -.18). These findings point to a dual benefit from increasing retailer distinctiveness by strengthening the customer-company relationship while reducing customers' choice set. However, one point of concern might arise due to the linear function with which we linked distinctiveness to identification. Following optimal distinctiveness theory (Brewer 1991) distinctiveness should influence C-C identification not linear but rather in an inverse u-shaped relation, because people generally avoid being too distinct. Instead they seek to balance their need to be different with their need to belong (Hornsey and Jetten 2004). Given our retail setting, we do not expect this to be problematic, as it is hard to imagine how a multibrand retailer can be too distinct. The distinctiveness in our setting is far away from companies for example such as Apple that holds merely 4% in the computer market (Belk and Tumbat 2005) and constantly advertises its uniqueness from the mainstream competitor Microsoft.

Finally, as our study is only a first step in understanding the chain of *distinctiveness* → *C-C identification* → *affective commitment* → *loyalty intention* → *future loyalty behavior*, further research is needed to explore the relevance of other influencers within this chain. While our nomological net was part of a larger survey, we restricted the assessment of customers' self-definitional needs to self-distinctiveness, as this is already known to be important for brands (e.g. Escalas and Bettman 2005; Fournier 1998; Tian and McKenzie 2001). Future research should incorporate the two other needs for self-continuity and self-enhancement to determine the relative relevance of an authentically cultivated image that evolved over time and the relevance of the company's prestige. For a more strategic guideline it would also be important to reveal the company stereotypes that underlie C-C identification. Ahearne, Bhattacharya, and Gruen (2005) already demonstrated that company characteristics are relevant for C-C identification, and thus implicitly encourage uncovering the underlying stereotypes. A very suitable approach can be found in the corporate social responsibility domain (Lichtenstein, Drumwright, and Braig 2004). Last but not least, empirical evidence indicates that organizational identification influences customers' response to the company beyond repurchase actions (Ahearne, Bhattacharya, and Gruen 2005; Bagozzi et al. 2005; Brown et al. 2005). Examples of additional (re)actions include customers' resilience to negative information, spreading a positive word-of-mouth, and their willingness to inform the company's representatives about competitors' actions. All of these behaviors support the company's marketing department, an effect that has already been seen as beneficial regarding pure recommendation (Reichheld 2003).

Managerial Implications

The findings of this study have important contributions for marketing practice. Although companies such as "stores have long been recognized as having psychic values to certain market segments" (Grubb and Grathwohl 1967, p. 22), previous research has been hampered by ambiguous conceptualizations (Edwards 2005; Malhotra 1988). The construct of C-C identification is especially useful in revealing the symbolic relevance of a company's image to foster customer commitment and loyalty. This is a major contribution as it offers a feasible method to integrate this relationship strengthener into existing customer relationship management approaches. Based on theory and evidence we expect that the relevance of C-C identification will vary with the consumption setting (e.g. product class, customer embeddedness, risk). Therefore, it is especially important to easily assess the construct's relevance beyond satisfaction. Deriving from the social identity approach it has to be expected that C-C identification is likely to be more relevant in other settings which either involve products that are important for communicating one's self to significant others or that involve a certain degree of risk. A classical example represents purchasing a car as it is a higher investment and expresses the self to others for a longer period (unlike convenience products).

Further, companies signal their identity via various communication channels (e.g. employees, advertisement, other customers, brands). A purely cognitive measure allows assessing the relative importance of customers' degree of identification with these distinct channels for the formation of C-C identification. In parallel the resulting (affective) commitment can be assessed at these levels (Jones, Taylor, and Bansal 2009) to better allocate resources into those identification targets that enhance affective commitment most profoundly. As the influence of these identification targets will change over time (Berger and Heath 2007) it is important to have a feasible method to monitor performance not only on satisfaction but also on C-C identification. In addition this knowledge would be useful for customer segmentation, as relationship management is not about maintaining all customers but rather maintaining those that are more profitable.

Given that customer loyalty is essentially a relational phenomenon, regardless if it represents store loyalty, person loyalty, or other forms of committed behavior (Sheth and Parvatiyar 1995), customers' social identity relation with the company (as evident in C-C identification and affective commitment) can be seen as a valid argument for having established a true relationship between customer and consumption entity. This relationship foremost evolves out of customers' desire to be connected and is not mainly imposed by the company. We therefore conclude that in order to stay competitive it is not advisable to solely focus on satisfaction, but to develop a deeper understanding of how to manage corporate associations in the competitive landscape.

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Appendix A

Table 4.2: Construct Operationalizations and Psychometric Properties of Measures.

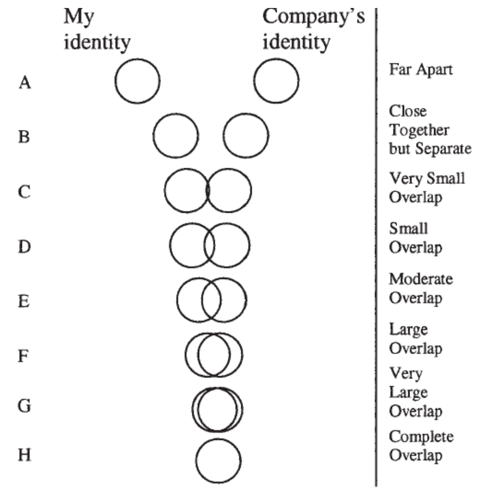
Construct	Item	Std. Load.	Mean (SD)	Constr. Rel.
Customer-Company Identification	Imagine that the circle at the left in each row represents your own personal identity and the other circle, at the right, represents the company's identity. Please indicate which case (A, B, C, D, E, F, G, or H) best describes the level of overlap between your and the company's identities. (Circle Appropriate Letter). 	.87	4.61 (1.54)	.87
	Please indicate to what degree your self image overlaps with the image of [store X].	.89	4.05 (1.18)	
Affective Commitment [b/d]	How attached are you to [company X]? [d]			.91
	Not at all attached: I have no positive feelings toward [company X]. / Attached very much: I have very substantial positive feelings toward [company X].	.79	4.31 (1.42)	
	How strong would you say your feelings of belongingness are toward [company X]? [d] not at all strong / very strong	.83	3.91 (1.58)	
	As a customer I feel close attached to [company X]. [b]	.81	3.59 (1.60)	
	I feel a strong emotional bond toward [company X]. [b]	.84	3.44 (1.72)	
	I feel like part of a family at [company X]. [b]	.80	2.65 (1.54)	

Table 4.2 continued: Construct Operationalizations and Psychometric Properties of Measures.

Construct	Item	Std. Load.	Mean (SD)	Constr. Rel.
Satisfaction [b]	I am very satisfied with [company X].	.84	5.33 (1.00)	.87
	Overall, I am very satisfied with [company X].	.81	5.47 (0.93)	
	How satisfied are you with [company X]?	.85	5.53 (0.95)	
Repurchase Intention [a]	I will continue to be a loyal customer of [company X].	.80	4.29 (0.70)	.88
	I intend to shop at [company X] in the future.	.95	4.50 (0.63)	
	I will surely visit [company X] in the future.	.76	4.68 (0.55)	
Distinctiveness [d]	Compared to other retailers how do you judge [company X]?: not unique / very unique	.81	5.47 (1.19)	.81
	Compared to other retailers how do you judge [company X]?: equal / unequal	.80	5.27 (1.23)	
	Compared to other retailers how do you judge [company X]?: similar / different	.70	4.86 (1.54)	
Revisit Intention [c]	How often do you intend to visit [company X] on average?		3.08 (1.19)	
Length of Relationship	For how many years have you been a customer of [company X]?		6.55 (2.89)	
Alternatives	[sum of stated alternatives]		2.05 (1.11)	
Access Convenience [b]	[Company X] is conveniently accessible for me.		5.47 (1.45)	

[a] **Scale:** 1 [very unlikely] / 2 [rather unlikely] / 3 [maybe] / 4 [rather likely] / 5 [very likely]
[b] **Scale:** 1 [does not at all apply] / 2 [does hardly apply] / 3 [does rather not apply] / 4 [neither nor] / 5 [does rather apply] / 6 [does apply] / 7 [does totally apply]
[c] **Scale:** 1 [once a year] / 2 [several times a year] / 3 [once a month] / 4 [several times a month] / 5 [once a week] / 6 [several times a week]
[d] **Scale:** 7-point bipolar scale, anchored as described above

Appendix B: Summary of Findings

Table 4.3: Path Coefficient for the Purchase Visits Model.

Model A — Dependent Behavior: Future Purchase Visits

Hyp.				compl. stand. coefficient	t-value
H_1	C-C identification	→	Affective Commitment	.52	9.08
H_{2a}	Affective Commitment	→	Repurchase Intention	.28	5.07
H_{2b}	Affective Commitment	→	Revisit Intention	.21	3.77
H_{3a}	**Repurchase Intention**	**→**	**Future Purchase Visits**	**.04**	**0.98**
H_{4a}	**Revisit Intention**	**→**	**Future Purchase Visits**	**.44**	**10.17**
H_5	Distinctiveness	→	C-C Identification	.20	3.49
H_{6a}	Satisfaction	→	Repurchase Intention	.33	6.00
H_{6b}	Satisfaction	→	Revisit Intention	-.04	-0.64
H_7	Satisfaction	→	Affective Commitment	.15	2.99

X^2 (167) = 371.18 p= 0.00, RMSEA=.050, NNFI=.97, CFI= .98, and stand. RMR=.05

Table 4.4: Path Coefficient for the Purchase Spendings Model.

Model B — Dependent Behavior: Future Purchase Spendings

Hyp.				compl. stand. coefficient	t-value
H_1	C-C identification	→	Affective Commitment	.52	9.08
H_{2a}	Affective Commitment	→	Repurchase Intention	.28	5.07
H_{2b}	Affective Commitment	→	Revisit Intention	.21	3.77
H_{3b}	**Repurchase Intention**	**→**	**Future Purchase Spendings**	**.03**	**0.67**
H_{4b}	**Revisit Intention**	**→**	**Future Purchase Spendings**	**.31**	**6.81**
H_5	Distinctiveness	→	C-C Identification	.20	3.49
H_{6a}	Satisfaction	→	Repurchase Intention	.33	6.00
H_{6b}	Satisfaction	→	Revisit Intention	-.04	-0.64
H_7	Satisfaction	→	Affective Commitment	.15	2.98

X^2 (167) = 371.74 p= 0.00, RMSEA=.050, NNFI=.97, CFI= .98, and stand. RMR=.05

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