

CRANFIELD UNIVERSITY

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**EXQ: development and validation of a multiple-item scale for assessing
customer experience quality**

SCHOOL OF MANAGEMENT

**PhD THESIS
Academic year 2009-2010**

**Supervisor: Dr. Stan Maklan
February 2010**

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Doctor of Philosophy**

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ABSTRACT

Positioned in the deliberations related to service marketing, the conceptualisation of service quality, current service quality measurements, and the importance of the evolving construct of customer experience, this thesis develops and validates a measurement for customer experience quality (EXQ) in the context of repeat purchases of mortgage buyers in the United Kingdom. The thesis explores the relationship between the customer experience quality and the important marketing outcomes of customer satisfaction, repeat purchasing behaviour, loyalty and word-of-mouth intentions.

The methodology follows Churchill's (1979) scale development paradigm approach to scale development and is also informed by the more recent publication of Walsh and Beatty (2007). This involves creating the EXQ scale from the following sequence of research activities: (a) employing a review of the literature on service marketing, service quality, service quality measurements, and customer experience research; (b) generating an initial item pool from qualitative research; (c) purifying and validating the EXQ scale through exploratory factor analysis (EFA), confirmatory factor analysis (CFA), and structural equation modelling (SEM).

The EXQ scale explains 63 per cent of all variances in customer satisfaction, more than 86 per cent of loyalty, and more than 94 per cent of word-of-mouth intentions. This is evidence of the high explanatory power of the EXQ scale for important marketing outcomes. This thesis represents both the first empirically derived conceptualisation of customer experience and the first validated measure of customer experience quality. It reports the findings collected from three independent samples of repeat mortgage buyers from a United Kingdom bank.

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Thanks also go out to my friends and colleagues who provided me with advice at times of critical need; they include, in no particular order: Chris Brown, Elena Doldor, Andrey Pavlov, Marko Bastl, Linda Florio, Ian Richardson, Dr. Silvia Rossi, and Dr. Mark Johnson. In addition I would also like to thank my friends and colleagues in the service marketing community, particularly Professor Christian Gronross, Professor Bo Edvardsson, Professor Adrian Payne, Professor Pennie Frow, and Dr. Tracy Dagger for our philosophical debates, exchanges of knowledge, and skills, which helped enrich the experience.

Also, I wish to thank the respondents of my study (who remain anonymous for confidentiality purposes). Their comments and insights created an informative and interesting project with opportunities for future work.

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This one is for you, *preciosa*, *auguri*.

“I have but one lamp by which my feet are guided, and that is the lamp of experience. I know no way of judging of the future but by the past”

Edward Gibbon (1775)

OUTPUTS AND DISSEMINATION

Refereed journal manuscripts

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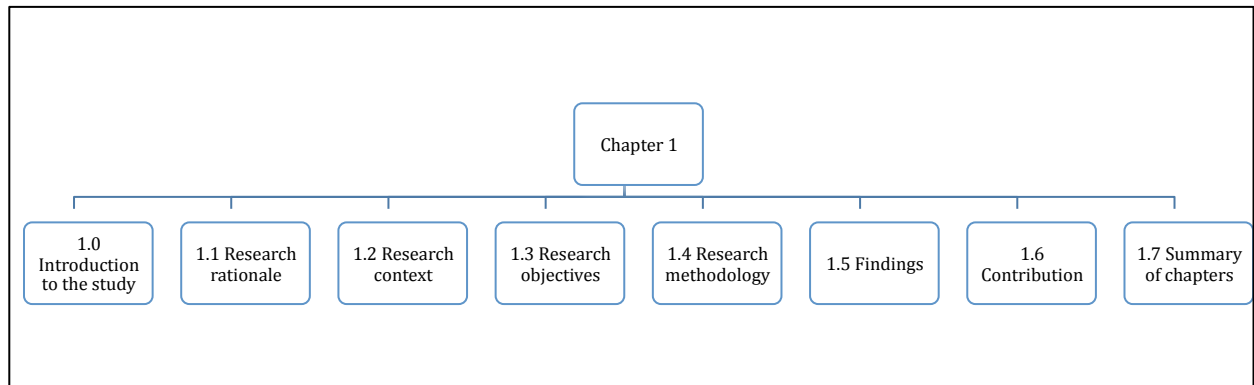
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1.0 INTRODUCTION

Service marketing, which originates from the efforts of researchers to find out why the marketing of services is different from the marketing of goods/products, is established as a mature field in the literature. Services marketing literature instituted the notion of service quality as an antecedent to customer satisfaction and loyalty, and therefore a possible source of differentiation and competitive advantage for service providers (Oliver 1981). This asserts the need for companies to deliver a high quality of service in order to retain their customers (Anderson et al. 1994). In order to assess the quality of service, it has to be measured in an objective way, and measurements of service quality, such as SERVQUAL (Parasuraman et al. 1988), were introduced to address this need (Morrison Coulthard 2004). The measurements of service quality were subsequently tested and scrutinised, “generating a debate about the most appropriate way to measure service quality” (Parasuraman et al. 2005, p. 214). Scholars propose a new conceptualisation of service quality, addressing the shortcomings of existing measures, based on the construct of customer experience (e.g. Schembri 2006), and calling for a new measurement of service quality founded on the evaluation of the customer experience.

This chapter outlines the rationale for a study of the development and validation of a multiple-item scale for assessing customer experience quality (EXQ) in a business-to-consumer (B2C) context and details the research context, objectives and methodology. It also describes the key findings and contribution of the study before presenting an overview of the chapters (see Figure 1).

Figure 1 Overview introductory chapter



1.1 Research Rationale

There are two components to the research rationale for this study: a personal and a literature perspective. Each has played a significant role in defining the final form of the research.

1.1.1 *A Personal Perspective*

I embarked upon the PhD process after spending a number of years as a senior marketing executive in the European and North American financial and retail sectors. Although it was clear to me that something was driving my interest in the development of marketing, branding and business development strategies, it took some time for me to identify, and articulate, the underlying aspects of my interest. The origins of this interest surfaced from having worked in wealth management during a period of expansive growth caused by changes in tax legislation worldwide. Even during this period of growth the focus of the organisational efforts was the acquisition of new clients, rather than building lasting relationships with existing clients. Moreover, it appeared to me that in a sector obsessed with measuring outcomes, the scales chosen for the “state-of-mind” of clients, such as quality of service and customer satisfaction, were insufficient in their ability to provide enough insight into the reasons why clients chose our services over the offerings from our competitors or vice versa. Despite the intuitive logic of the causal chain proposed by these scales, i.e. highly satisfied customers are more likely to be loyal, I

could neither explain why seemingly dissatisfied customers displayed loyalty, nor why satisfied customers chose other providers despite their stated satisfaction. Thus, I began to concern myself with academic research investigating the relationships between marketing scales and customer behaviour.

1.1.2 A Literature Perspective

The well-documented management shift from a goods-centred to a service-centred economy identifies the differences between the marketing of services and goods; the latter being the traditional domain of marketing scholarship (Shah et al. 2006). This shift exposes the need for companies to deliver high levels of service quality in order to achieve important marketing outcomes: the most important outcomes of service quality identified in the literature are customer satisfaction, loyalty and positive word-of-mouth (Anderson et al. 1994; Verhoef et al. 2002; Dagger et al. 2007; Kamakura et al. 2002). These outcomes, particularly customer satisfaction, have been shown to generate excess financial returns whilst reducing risk, thus increasing shareholder value and improving market capitalisation (Fornell et al. 2006).

In order to manage service quality, firms need to measure it and understand its connection with those important customer outcomes. Assessing the quality of service and its impact on customer behaviour has to be measured in an objective way (Parasuraman et al. 1988). SERVQUAL, a multiple-item scale introduced by Parasuraman et al. (1988) is the most widely researched and applied measure of service quality (Buttle 1996; Morrison Coulthard 2004). It measures the differences between “consumers’ expectations and perceptions of performance of the service they received” (Parasuraman et al. 1988, p.15) in order to “better understand the consumer, and, as a result, improve service” (1988, p. 30).

Despite its prominence, SERVQUAL is widely criticised for its conceptual, methodological and interpretative flaws (e.g. Liljander and Strandvik 1997; Buttle 1996). Therefore, there is a strong

demand for a new measure of service quality (Gronross 2001; Al-Hawari et al. 2009). Edvardsson et al. (2007) conclude that current service quality research focuses mainly on cognitive dimensions and quality factors linked to service episodes and critical incidents. There is a need to discuss the customer experience through the lens of the customer (Edvardsson et al. 2005) and go beyond a purely cognitive assessment (Edvardsson 2005). Researchers identify experiential factors as a key ingredient in any new measure of service quality (Edvardsson et al. 2007; Seiders et al. 2005; Lee and Lin 2005). Schembri (2006) concludes that customer experience is the key determinant of service quality evaluation.

In contrast to the recognition of the importance of the customer experience to organisations, the focus of traditional service marketing literature has been the measurement of customer satisfaction and service quality (Verhoef et al. 2009). However, some scholars are now challenging the current definition of service quality, its usefulness, and its corresponding measures (e.g. Schembri 2006). They believe that the concept of customer experience should be utilised as the new conceptualisation of service quality. They base their notion on the crucial link between the two constructs, stating that “by definition, a good customer experience is good customer service, thus the customer experience is the service” (Berry et al. 2006, p.1). Scholars suggest the construct of customer experience as the key determinant of the quality evaluation of customer service. If customers base their service quality evaluation on their customer experience, one could expect that their evaluation of the customer experience will lead to similar outcomes, as suggested by the service marketing literature, such as an increase in customer satisfaction, loyalty and positive word-of-mouth (Anderson et al. 1994; Verhoef et al. 2002; Dagger et al. 2007; Kamakura et al. 2002) and ultimately an increase in financial returns (Fornell et al. 2006). In order to manage the customer experience and connect the construct with these important marketing outcomes, the customer experience quality has to be measured in an objective way. Thus, a new measure of service quality grounded in the customer experience needs to be developed (Schembri 2006).

Marketing academics accept that the definition of a new scale “must go hand-in-hand with conceptual development of the construct itself” (Brakus et al. 2009, p. 52). This scale must be based on a broader and more holistic conceptualisation of customer experience (Verhoef et al.

2009) that links customer experience to the triggers of purchasing behaviour. Verhoef et al. (2009) regard the development of a scale for customer experience quality that measures the holistic experience from the customer's point-of-view as a critical research priority.

In summary, existing measurements of service quality are challenged on conceptual, methodological, interpretative and philosophical grounds (e.g. Buttle 1996), and the literature is calling for a new and empirically derived measure of service quality (e.g. Edvardsson 2005). Recent research suggests that this new measurement should be based on the construct of customer experience (e.g. Schembri 2006) and capture all facets of the customer experience (Verhoef et al. 2009).

1.2 Research Context

The literature suggests that research in this area should focus on one type of purchase, because the validity of repurchase intentions varies significantly across contexts (Chandon et al. 2005); a single service is more likely to produce significant results than a study across many services (Darby and Karni 1973; Sharma and Patterson, 2000). I chose business-to-consumer purchases of mortgages in the UK because it is an important, complex and considered choice with a long purchase process, containing numerous service episodes. Considered purchases are likely to display service experience as a key determinant of customer retention (Sharma and Patterson 1999). Financial planning services are complex (Sharma and Patterson 2000), customised and high in credence properties: such properties influence the choice of services (Sharma and Patterson, 2000). Based on the importance of service quality perceptions, the financial services industry provides a good context in which to investigate these relationships (Verhoef 2003; Ryals 2005).

1.3 Research Objectives

The objective of this research is to empirically develop, refine and validate a multiple-item scale for measuring customer experience quality (EXQ) from the customer's point of view (Edvardsson et al. 2005). This thesis aim is to provide a sought after conceptualisation of customer experience quality (Verhoef et al. 2009). Furthermore, it studies the effects of the empirically derived conceptualisation of customer experience quality with respect to important customer outcomes: customer satisfaction¹, repeat purchasing behaviour, loyalty and word-of-mouth intentions (e.g. Haeckel et al. 2003; Mascarenhas et al. 2006; Pullmann and Gross 2004; Pine and Gilmore 1998).

1.4 Research Methodology

This research presents a validated multi-item scale based on the underlying construct of customer experience. The measure is called the customer experience quality scale: 'EXQ'. The thesis determines the dimensions of customer experience quality by analysing what customers describe as the triggers of their purchasing and re-purchasing behaviour. The study conducts exploratory, confirmatory and validating research to develop a new multi-dimensional consumer-based service quality measure based on the customer experience. The methodology follows Churchill's (1979) scale development paradigm, informed by more recent studies (Walsh and Beatty 2007). The individual stages of the research are outlined below (see Figure 2).

¹ Overall firm satisfaction in the context of this thesis is referred to a customer's cumulative satisfaction with all prior exchanges, as well as the satisfaction received from the most recent exchange. Thus, overall firm satisfaction is an additive combination of all transaction-satisfaction perceptions (Oliver 1996).

Figure 2 Scale development stages

<p>Stage 1 Scale generation and initial purification</p>	<ul style="list-style-type: none">• Qualitative study
<p>Stage 2 Scale refinement</p>	<ul style="list-style-type: none">• Scale purification through Exploratory Factor Analysis (EFA)
<p>Stage 3 Scale validation part I</p>	<ul style="list-style-type: none">• Reliability and validity Assessment of measure through Confirmatory Factor Analysis (CFA)
<p>Stage 4 Scale Scale validation part II</p>	<ul style="list-style-type: none">• Conceptual framework, additional assessment (SEM) connection to outcomes

1.5 Key Findings

The thesis represents the first empirical research on how customers construct and assess their customer experience, improving our understanding of how customers evaluate their customer experience. The findings suggest that customers base their perceptions of customer experience quality on four dimensions: *product experience*, *outcome focus*, *moments-of-truth*, and *peace-of-mind* (POMP). The findings ascertain that customers evaluate customer experience quality at an overall level, a dimensional level, and at attribute level and that each level drives perception on the level above.

The thesis supports previous researchers who identified additional components of service quality that should be captured in its new conceptualisation, customer experience quality. Whilst the research generates support for previous conceptual papers that suggest that customer experience is broadly based (e.g. Shembri 2006; Berry et al. 2006), it is not as broad as suggested by some (e.g. Verhoef et al. 2009). For example, social interactions (Bagozzi 2000), brand image (Brodie 2009), and price (Baker et al. 2002), suggested as being part of the customer experience, could not be validated as part of the construct. This implies that it is not sufficient to suggest that the customer experience is *total* or *“holistic”*, and further research is needed to understand and define the composition of customer experience dimensions in each context.

The thesis improves our understanding of how customers evaluate customer experience quality by linking their evaluation to important marketing outcomes: customer satisfaction, repeat purchasing behaviour, loyalty and word-of-mouth intentions. The findings suggest that the underlying construct of customer experience is an important determinant of repeat purchasing behaviour, loyalty and word-of-mouth intentions. The strong association between customer experience quality and stated behaviour amongst a sample of repeat purchasers is noteworthy because satisfaction is generally viewed as more closely aligned with purchase intent (e.g. Cronin and Taylor 1992).

The findings suggest that customer experience quality has greater power than customer satisfaction in explaining repurchasing behaviour, loyalty, and word-of-mouth intentions. Traditionally, customer satisfaction is modelled as an outcome of service quality, and an antecedent to consumers' behavioural intentions and actual behaviour. Thus, the findings of the thesis indicate that customer experience quality could not only be a more advanced construct of consumers' evaluation of their service encounters, but could also establish a clearer link to consumer behaviour and behavioural intentions than the suggested outcome of service quality customer satisfaction.

1.6 Key Contributions

The development of reliable and valid operationalisations is a fundamental goal of scientific endeavor in the service marketing field, and the customer experience quality scale developed in this thesis therefore makes an important contribution to theory and practice (Verhoef et al. 2009).

In terms of theory, this research represents an original contribution to our understanding of the customer experience of repeat purchasers of mortgages in the United Kingdom, and the impact of the quality of this customer experience on their behaviour and their behavioural intentions. It is the first study to develop the concept of customer experience from empirical data. It offers a stimulus and foundation upon which to advance customer experience research by delivering a measure of customer experience (Verhoef et al. 2009). Moreover, the EXQ scale measures the impact of the distinctive drivers of customer experience on each of the components of the customer experience (Verhoef et al. 2009).

The EXQ scale is developed through finding the underlying attributes respondents claim explain their purchasing behaviour of mortgages. The underlying concept is grounded in loyal customers' judgments of the attributes of their experiences which led to a purchase. Following Verhoef et al.'s (2009) approach and taking a dynamic view arguing that prior customer experiences will influence future experiences, the study suggests that the customer experience quality scale could be seen as a crucial tool to link the customer experience with future repurchasing behaviour, addressing the need for a measure capable of delivering adaptive foresight (Zeithaml et al. 2006).

Potential key contributions to practice and management of customer experience are as follows:

The findings suggest that customer experience managers should be concerned with improving the quality of the experiences they provide across the four dimensions of customer experience quality. EXQ could allow financial services managers to monitor dimensions and attributes of the customer experience that link to customers' assessment of why they repurchased.

Unlike existing measures of service quality, which focus upon the human interaction of a service episode (Sureshchander 2001), EXQ incorporates emotional aspects of the customer experience which customers suggest are important determinants of their behaviour. Focusing upon a broader measure of the customer experience allows organisations to migrate from rigid control of the functional aspects of their service delivery, supported by perhaps an overly prescriptive approach to managing their customer front line staff, towards encouraging employees to generate the more holistic customer experiences that define service quality today.

1.7 Summary of Chapters

This thesis is presented in seven chapters. This introductory chapter has provided an overview of the rationale and the context for the research, as well as outlining the objectives, methodology, findings and contributions. The following provides a brief summary of the remaining chapters (see Figure 3).

Chapter 2 summarises the existing literature on service quality and customer experience research. It presents a review of the literature and is divided into two thematic sections. The first, *service quality*, reviews contributions from the field of service marketing, in particular the measures of service quality, while the second, *customer experience*, describes the existing literature on customer experience research. The chapter ends with a discussion of the research opportunity, an outline of its objectives, and finally, the research title is introduced.

Chapter 3 presents the rationale for a customer experience scale development study guiding the data collection and choice of methodology.

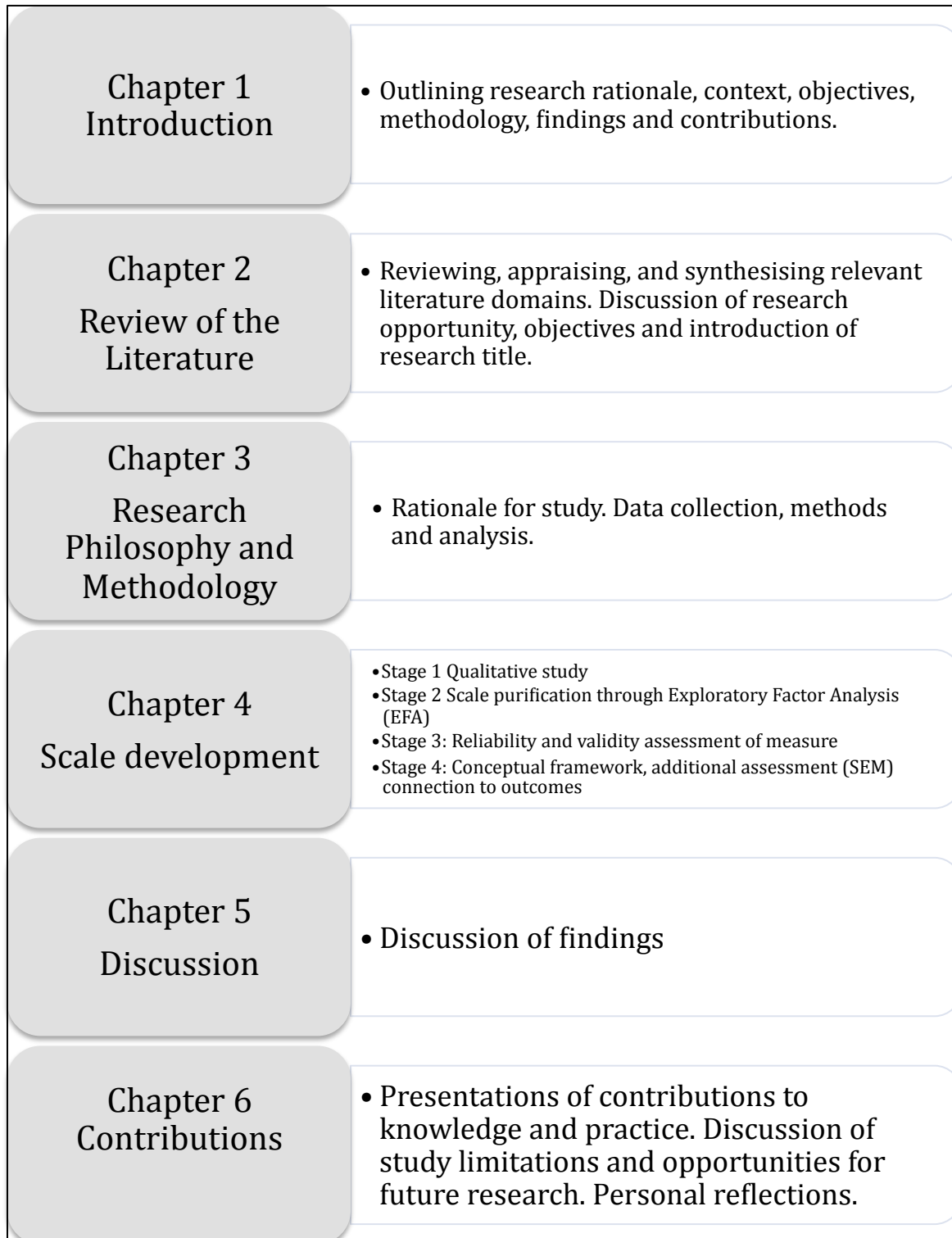
Chapter 4 details the data collection, analysis methods, and findings of the thesis. Drawing upon the insights gained from the literature, I conduct a qualitative study and discuss the findings briefly. The next section describes and reports the qualitative and empirically driven process used to purify and validate the scale, and its psychometric properties. The subsequent section illustrates the further validation of the scale's reliability and validity and offers an empirically founded definition of EXQ. After that the study explores and reports on the nature and degree of EXQ's impact on customer satisfaction, loyalty, and word-of-mouth intentions.

Chapter 5 discusses the findings of the research and presents an empirically derived conceptual model of customer experience and its corresponding scale of customer experience quality EXQ as a basis for advancing customer experience research, and the management of customer experiences in a service context.

Chapter 6 presents the contributions to knowledge represented by the study and outlines the limitations of the research. Opportunities for further research are described, and a short postscript details personal reflections on the PhD process.

This chapter has provided an overview of the rationale and contextual setting for the study, as well as having briefly outlined the research objectives, methodology, findings and contribution. Although it was designed to provide an abridged appreciation of the study, the more extensive review of literature presented in Chapter 2 will provide a greater understanding of the contextual setting for the research.

Figure 3 Overview thesis chapters



2.0 REVIEW OF THE LITERATURE

In developing and validating a scale for customer experience quality it is essential to recognise the multi-disciplinary nature of the subject. It encompasses literature domains as diverse as service marketing, statistics, economics, consumer behaviour psychology and sociology. Moreover, while the field of service marketing and measurements of service quality are well established in the literature, the phenomenon of customer experience has only recently been established as a separate construct in the marketing literature.

Chapter 1 Introduction

- Outlining research rationale, context, objectives, methodology, findings and contributions.

Chapter 2 Review of the Literature

- Reviewing, appraising, and synthesizing relevant literature domains. Discussion of research opportunity, objectives and introduction of research title.

Chapter 3 Research Philosophy and Methodology

- Rationale for study. Data collection, methods and analysis.

Chapter 4 Scale Development

- Stage 1 Qualitative Study
- Stage 2 Scale Purification through Exploratory Factor Analysis (EFA)
- Stage 3: Reliability and Validity Assessment of Measure
- Stage 4: Conceptual Framework, Additional Assessment (SEM) connection to outcomes

Chapter 5 Discussion

- Discussion of findings

Chapter 6 Contributions

- Presentations of contributions to knowledge and practice. Discussion of study limitations and opportunities for future research. Personal reflections.

2.1 Chapter Overview

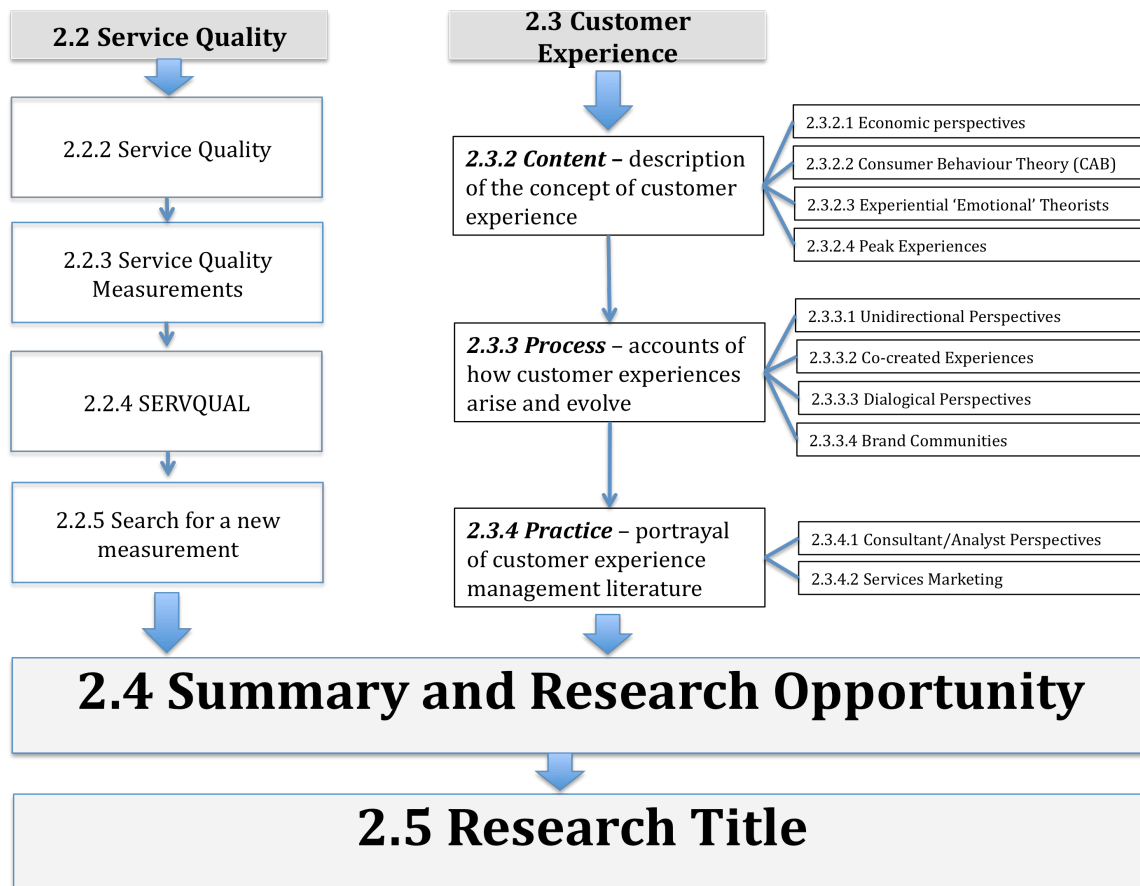
The literature is divided into two thematic sections: *service quality* and *customer experience*. *Service quality* encompasses: (a) an introduction to service quality; (b) service quality measurements; (c) SERVQUAL; and (d) the search for a new measurement of service evaluation reflecting the move from customer service to customer experience. *Customer experience* covers three thematic streams: (e) content – descriptions of the concept of customer experience, including economic perspectives, consumer behaviour theory (CAB), experiential ‘emotional’ theorists, and peak experiences; (f) process – accounts of how customer experiences arise and evolve, comprising of the unidirectional views of customer experience, co-created experiences, dialogical perspectives with other parties, and brand communities; (g) practice – portrayal of the customer experience management literature containing the consultant/analyst and service marketing perspective of customer literature.

Service quality reviews the well-established literature within the service marketing domain, in particular measurements of service quality, with the focus being on the most popular and widespread measure of service quality – SERVQUAL (Parasuraman et al. 1988). Within this field, responses to the origins of service quality measures and how these measures have evolved will be outlined, leading to the recent literature which challenges the current construct of service quality and its corresponding measurements. The summary of this debate, asking for a new construct and measure of service quality grounded in the customer experience, will lead into the next chapter.

Customer experience presents a review of the customer experience literature. The chapter will appraise and synthesise the literature on customer experience, establishing that while the literature is extensive and multi-faceted, there remains a lack of consensus in the definition of the concept of customer experience based on empirical evidence.

Both themes are interrelated, which means that some discussions are explored or referenced in more than one category. Thus, rather than simply placing a narrative at the end of the review, a coherent interconnected critique of the literature and the importance for my thesis is established throughout the review. A summary of this critique is presented at the end of the chapter defining the research opportunity. The themes of the research are outlined and the title of the thesis under investigation is introduced (see Figure 4).

Figure 4 Chapter summary



2.2 Service Quality

Service quality was initially conceptualised as a comparison between what customers expect the offering to be and the offering that is delivered to them by the company (e.g. Gronross 1982). Based on this insight, several service quality measurements have been developed in order to quantify the customer's overall assessment of a company's service quality score (e.g. Parasuraman et al. 1988). These measurements have subsequently been tested, in the process establishing general conclusions significant to defining, conceptualising and measuring service quality, such as: customers' assessment of service quality are significantly linked to perceived value and behavioural intentions (Parasuraman et al. 2005); and measurements and conceptualisation of service quality measures need to go hand-in-hand (Brakus et al. 2009). Recent scholarly work challenges the existing conceptualisations of service quality, stating that the current conceptualisation is based on a flawed paradigm and should instead be measured as an attitude (e.g. Bolton and Drew 2004), calling for a new construct and measurement of service quality grounded in the customer experience (e.g. Berry et al. 2002).

2.2.1 Service Quality Foundations

Superior service quality has been found to increase favourable behavioural intentions and decrease unfavourable intentions (Zeithaml et al. 1996), increase customer satisfaction and loyalty (Westbrook 1988), add value for the customer, hence triggering desirable behaviour patterns such as repurchases and recommendations (Zeithaml et al. 1988, 1996; Kamakura et al. 2002), and increase organisational performance (Heskett et al. 1997; Bell et al. 2005) and profits (Sureshchandar et al. 2002). The operations management literature categorises service quality into two broad components: quality of results, relating to what consumers want; and quality of process, describing the process "consumers have to put themselves through to get these results" (Harvey 1998 p. 585). This description follows the dominant expectancy disconfirmation conceptualisation of service quality, and its outcome, customer satisfaction (e.g. Oliver et al.

1997). The expectancy disconfirmation model states that consumers judge service quality by comparing their expectations of the service with the service delivered. The resulting judgment is labelled negative disconfirmation if the product is worse than expected, positive disconfirmation if it is better than expected, and simple confirmation if it is as expected (Oliver et al. 1997). Service quality research also exposes the key role of the social aspects, i.e. service employees and communication in the delivery of service (Roth and Jackson 1994). To deliver superior service quality managers need to understand how customers perceive and assess the quality of the service they receive. In order to support organisations in this effort, marketing scholars have developed measures of service quality. The reviewed literature states the shortcomings of the existing conceptualisation of service quality, such as the fact that service quality cannot be measured by the existing dimensions of service quality alone (Johnston and Fern 1999), issues of validity (Dabholkar et al. 1996), non-applicability in certain services (Schneider et al. 1998; Newman 2001), and the conceptualisation of service quality as a gap model rather than an attitude-based judgement (Cronin and Taylor 1992).

2.2.2 Service Quality Measurements

The need for a measurement of service quality is well documented, and in 1988, Parasuraman et al. introduced SERVQUAL, which is still the most popular and widespread measurement of service quality (Morrison Coulthard 2004). SERVQUAL, however, is not the only measurement of service quality and alternatives and variations, often based on criticisms of SERVQUAL, have been introduced (see

Table 1). The marketing literature suggests multiple explanations of what is missing in order to deliver a measurement of service quality which addresses the existing critique and flaws. While some researchers warn of the dangers of interpreting data derived from measurements in general (Liljander and Strandvik, 1998), others point out that the current conceptualisation of service quality is based on a flawed paradigm and should instead be measured as an instead (Edvardsson et al. 2000; Bolton and Drew 1994). There is also the call for inclusion of factors such as the brand and brand extension (Aldlaigan and Buttle 2001) and the relevance of emotions (McDougall and Levesque 2000).

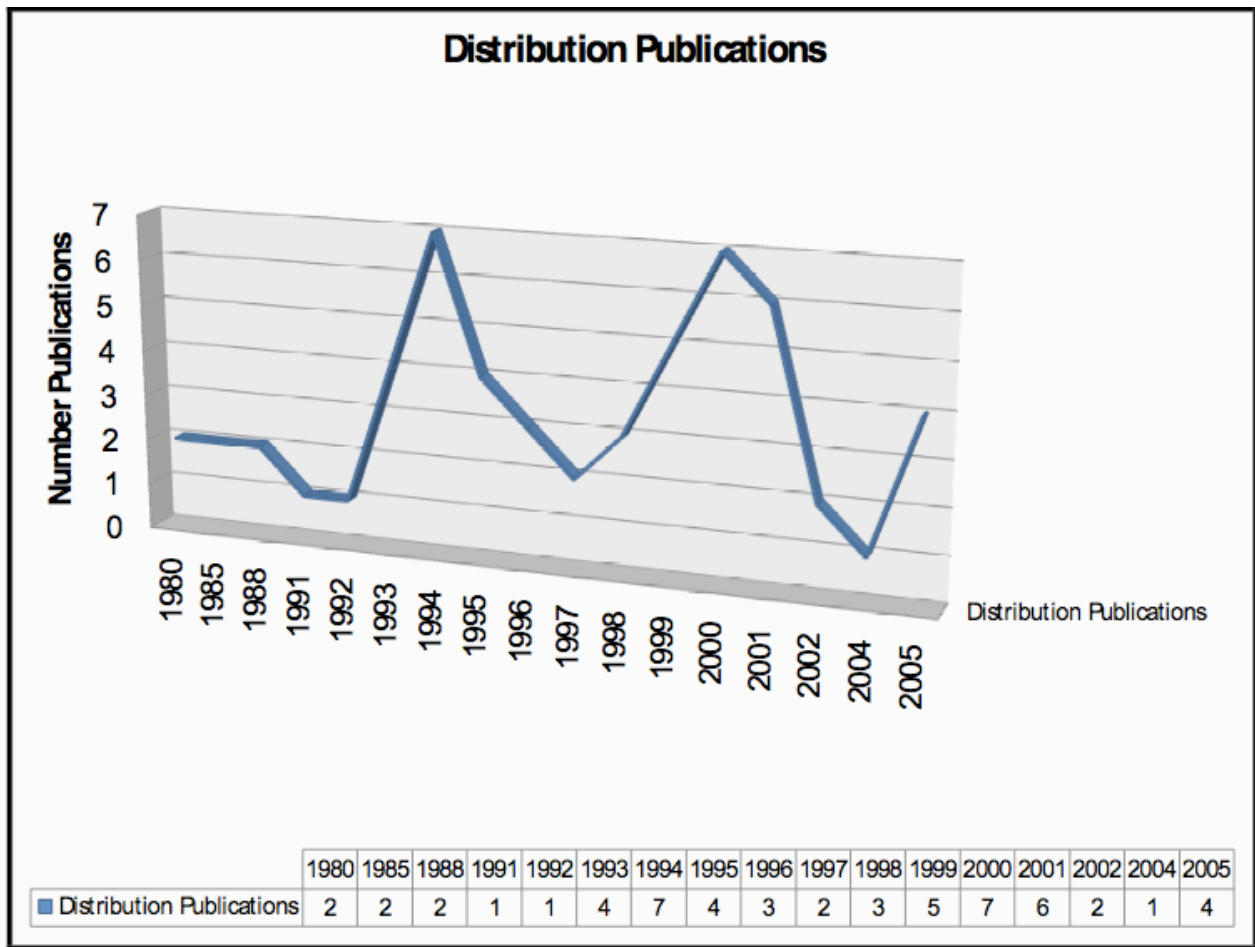
Table 1 Examples for measurements of service quality in chronological order

Author/Date	Model
Gronross (1984)	Service quality model
Parasuraman et al. (1988)	SERVQUAL
Brogowicz et al. (1990)	Synthesized service quality model
Cronin and Taylor (1992)	SERVPERF
Rust and Oliver (1994)	Three components conceptual model
Sividas and Baker Hewitt (1994)	Factor analysis based service quality
Caruana and Pitt (1997)	INTQUAL
Philip and Hazlet (1997)	P-C-P attribute model
Johnston (1999)	Service quality index
Iacobucci (2000)	Holistic evaluation
Frost and Kumar (2000)	INTSERVQUAL
Ennew et al. (2000)	Quality of life
Iacobucci (2000)	Holistic evaluation
Santos (2003)	E-service quality
Parasuraman et al. (2005)	E-SQUAL
Dagger and Sweeney (2007)	Health service quality

The publishing frequency on service quality measurements in peer-reviewed marketing journals², the majority of which appears in the Journal of Marketing, has evolved in a ‘wave-like’ movement, peaking in the early 1990s, triggered by the introduction of and research into possible applications of SERVQUAL (see Figure 5). The second wave of publications, between 1999 and 2001, was driven by critical discussion and the search for alternatives with which to measure service quality more efficiently and more precisely (Klaus 2007).

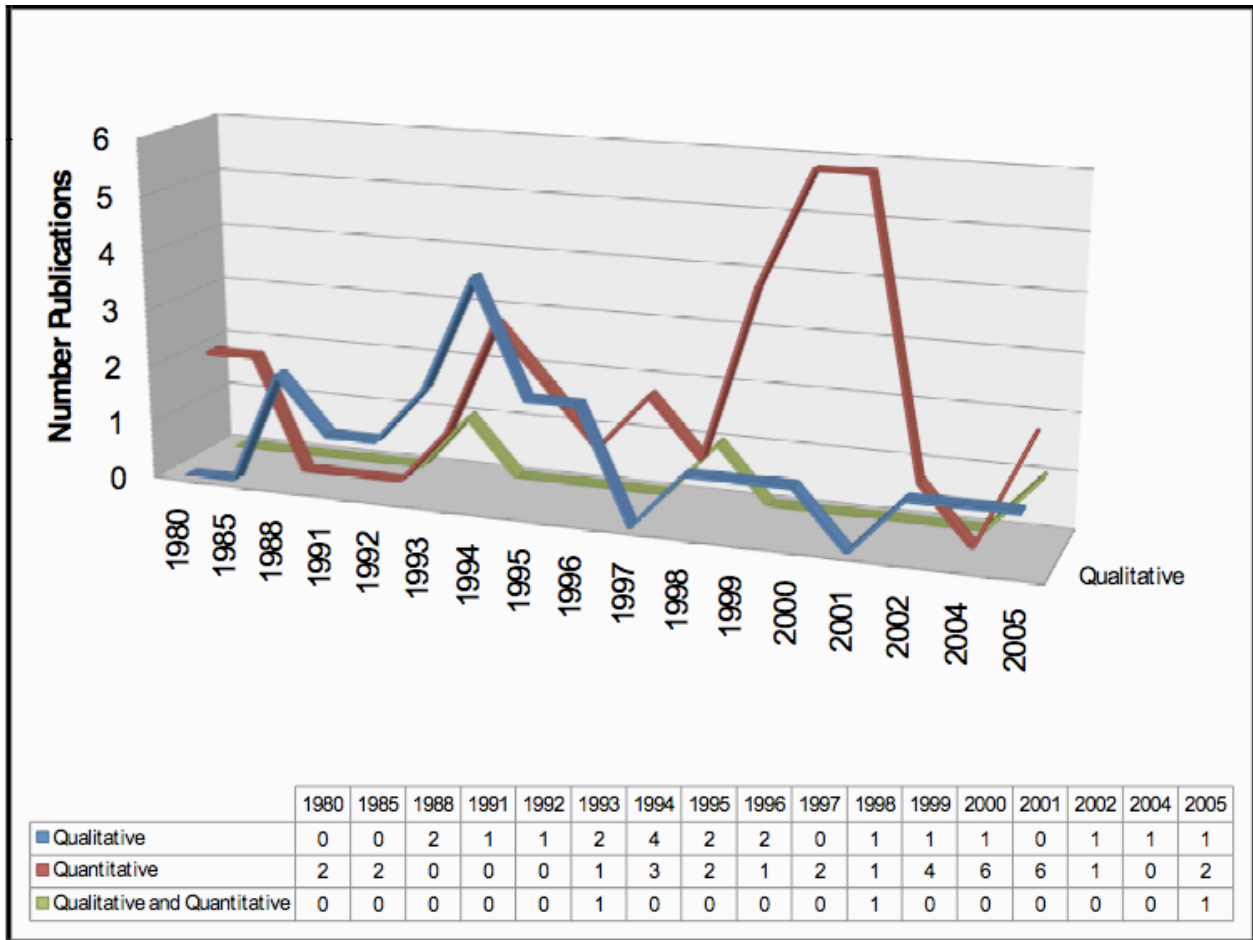
² The predominant way to measure the influence and relevance of a journal for their science is through the index of structural influence (Salancik 1986), allowing a comparison and quality appraisal. I incorporated and extended the work of Baumgartner and Pietner (2003), investigating the influence of marketing journals not only for their discipline in general, but also by the sub-areas of interest. To test the validity of my selection I compared the ratings with the influence indicators used in the citation analysis of the selected journals with the Publish or Perish software. The software addresses possible shifts in importance of relevant journals in the time period after 2000, which was the foundation of Baumgartner and Pieter's paper (2003). Furthermore, I integrated the statistics available from the Social Sciences Citation Index, an index used to determine the influence of the publication from a particular journal on other publications/journals, giving me an additional criterion in observing the relevance of the published articles. As a result of this process I selected the journals outlined in Appendix D as the primary focus for the literature review.

Figure 5 Distribution of service quality measurement literature



At the beginning the literature focused on the exploratory qualitative approach in order to grasp and explain the construct of perceived service quality, building measurements of service quality, while from 1998 the focus was more on the quantitative part of the research, i.e. developing hypotheses and delivering empirical data of the application of service quality measurements (see Figure 6).

Figure 6 Focus of service quality measurement studies



Most of these studies were conducted in the United States, using equally single and multiple service context settings. It is noteworthy however that financial services was the preferred choice where studies were conducted in a single context (Klaus 2007). Since 2002 the focus shifted to discussions and reviews of measurements of service quality, possibly indicating a shift back to an exploratory stage.

2.2.3 *SERVQUAL*

The focus of the service quality and service quality measurement literature, and the preferred choice of academics and practitioners alike is still *SERVQUAL*, despite wide and ongoing

criticism, hence I will take a more in-depth look at this particular measurement. Based on the notion that service quality is becoming an increasingly important differentiator among competing businesses in the retail sector, SERVQUAL, a multiple-item instrument for measuring consumer perceptions of service quality, was introduced. SERVQUAL is a 22-item instrument that addresses customer-based assessments of service quality. SERVQUAL is divided into 5 dimensions: 1. tangibles, 2. reliability, 3. responsiveness, 4. assurance, and 5. empathy (see Appendix A). Despite the popularity of SERVQUAL there has been plenty of criticism (e.g. Palmer et al. 1998) towards SERVQUAL (see Appendix B) and the existing measurements of service quality in general. As Robinson (1999 p.30) states, “perhaps it is time to recognise that SERVQUAL has been just one contribution, albeit an important one, in the evolution of an understanding of service quality and its measurement.”

2.2.4 Search for a new measurement of service evaluation reflecting the move from customer service to customer experience

The literature on service quality measurements suggests that existing measures have major flaws (Buttle, 2001); that more work needs to be done before a reliable measurement is available (e.g., O’Neill, Palmer and Charters 2002; Asubonteng et al. 2005), requiring a new measurement for service quality (Morisson-Coulthard 2004). A major trend emerging from the literature is that the missing piece could be found by integrating the construct of customer experience as one of the determining factors of perceived service in the measurement of service quality (Johnson and Mathews 1997) because experiential factors, for example, are seen as a possible key ingredient in a superior measurement of service quality (Lee and Lin 1999; Hellofs and Jacobson 1999; de Ruyter et al. 2001).

2.2.5 Conclusions

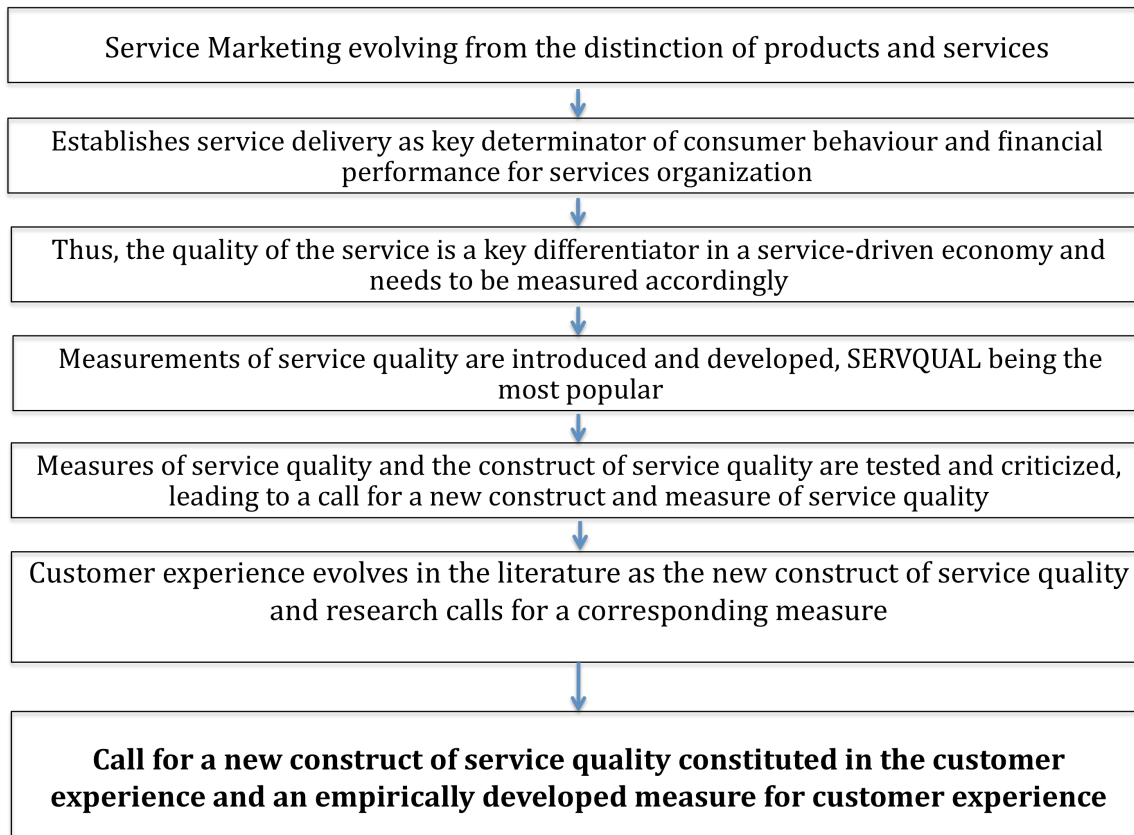
The marketing literature states that service-dominated markets are driven by service propositions, and therefore service delivery is essential (Klaus and Maklan 2007). Research indicates that these service-dominated markets demand an interactive, relationship and experience-based approach to build customer loyalty (Berry et al. 2002). Thus, variations in customer service explain variations in customer perception, satisfaction, recommendation, loyalty and ultimately profit (Parasuraman and Zeithaml 2002).

To manage the customer service, marketers deconstruct customer service into a series of discrete occasions, and further divide each occasion into small, measurable incidents that can be managed in a six sigma-like fashion (Woodall 2001). Once measurable, elements of customer service can be standardised across employee-customer encounters and improved continuously. Just as one continuously improves product functionality, reliability and quality, one also improves service quality. Underpinning this approach is a widespread belief amongst both managers and academics that superior service improves customer satisfaction, which in turn triggers desirable customer behaviour such as loyalty and retention (e.g., Anderson et al. 1997). Measurements and metrics are key components in this drive to manage services. In order to measure the impact of marketing upon service brands in an objective way, a measurement for service quality was needed. In 1988 Parasuraman et al. introduced SERVQUAL, a multi-item scale to measure customers' perceptions and expectations of service quality. SERVQUAL is the most popular tool for measuring service quality; however, it does not capture all aspects of the service brand due to its focus upon the functional aspects of service quality (Buttle 1996). Most of the criticism of existing measures of service quality focus on the methodological and interpretative rather than the conceptual nature of the construct itself. However, in recent scholarly research there is a call for a new conceptualisation of service quality to capture the full richness of service encounters. The corresponding scale should measure, in addition to the functional aspects of service (the process, the "how"), the technical (the outcome, the "what") and emotional aspects (behaviour, values) of the service encounter (e.g, Seiders et al. 2005). This holistic view of service is what is

commonly referred to as the customer experience (Mascarenhas et al. 2006); a broader concept that extends the existing conceptualisation of service quality.

Figure 7 presents a visual compilation of the service quality literature review with reference to this study.

Figure 7 Summary of the literature of service quality



2.3 Customer Experience

2.3.1 Introduction

This review follows the conclusion of the service quality review to explore the suitability of the construct of customer experience as foundation for a new measurement of service quality. The phenomenon of *customer experience* is of increasing interest to both academics and practitioners (Verhoef et al. 2009), and has been approached from many different perspectives. The key influences are derived from work in psychology, consumer behaviour and marketing; product and services marketing; and from the economic literature.

The following section appraises and synthesises the literature on customer experience in three thematic categories, representing ten streams of literature (see Table 3). After a careful review of the existing literature on customer experience I created the following typology: *Content* summarises the literature streams concerned with describing the different concepts of customer experience, establishing the foundations of customer experience and the different theoretical views on customer experience; *Process* examines the diverse perspectives on how the customer experience arises and evolves during the interactions with consumers, the role and degree of involvement of the customer experience provider and the customer in designing and influencing the customer experience; and *Practice* assesses the customer experience practice and management literature. *Practice* features the contributions of recent service marketing and customer experience research, introducing customer experience as the new construct of service quality, and calling for a new corresponding measure for customer experience quality.

Table 3 Customer experience literature categories and streams

Category	Literature streams
2.3.2 Content – The Concept of Customer Experience	2.3.2.1 Economic Perspectives
	2.3.2.2 ‘Rational’ Cognitive Theories of Traditional CAB
	2.3.2.3 Experiential ‘Emotional’ Theorists
	2.3.2.4 Peak Experiences
2.3.3 Process – How Customer Experiences Arise and Evolve	2.3.3.1 Unidirectional Perspectives of Customer Experience
	2.3.3.2 Co-Created Experiences
	2.3.3.3 Dialogical Perspectives with Other Parties
	2.3.3.4 Brand Communities and Customer Experience
2.3.4 Practice – Portrayal of Customer Experience Management Literature	2.3.4.1 Consultant/Analyst Perspectives of Customer Experience
	2.3.4.2 Services Marketing Perspectives

2.3.2 Content – The Concept of Customer Experience

2.3.2.1 Economic Perspectives

The starting point for research into the customer experience is generally regarded as the pioneering work of Holbrook and Hirschmann (1982) with their work on hedonic consumption. However, as one of these authors later identifies (Holbrook 2006), there are a number of earlier contributions to the area of the consumption experience. Holbrook (2006) identifies a number of these, including contributions by Abbott (1955), and Alderson (1957) as well as a work by Lebergott (1993) which traces the concept of the consumption experience through the work of the economists John Maynard Keynes, Adam Smith and Alfred Marshall.

In his opening chapter Lebergott (1993) summarises the work of early economists by defining the customer experience as the foundation of modern day economics. While other economics scholars attempted to categorise the consumption process in terms of products or rational purchasing motivation, the driver of modern economics and consumption is still the experience, because goods are only purchased to create the desired customer experiences (Keynes 1936).

Parson (1934, p. 517) describes the consumer's process of evaluating experiences in order to determine which one they will seek or not seek. Parson established that consumers need to be guided by individual value systems, and thus in order to determine the desirability of experiences consumers will establish their own, non-comparable measures to decide which experiences they choose to pursue.

The work by Abbott (1955) acknowledges the importance of the customer experience by stating “what people really desire are not products, but satisfying experiences” (p.39). He establishes the

connecting link between “man’s inner world” and the “outer world of economic activities” through the consumer’s need for “experience-bringing services” (p. 40). Abbott also distinguishes between two kinds of desired experiences; what he describes as “fundamental kind of wants” (1955, p. 40). The first is a more *fundamental* kind of desire for an experience, while the second *derived* desire for the product or service will facilitate or provide this experience.

The contribution by Alderson (1957) is founded on the characteristics of consumption choices. He introduces the principle of “hedonomics” (p. 286), stating that consumer choices are motivated by the pursuit of happiness. In his work Alderson highlights the fact that the scarce resource in the midst of abundance and choices is the limitation on consumption experiences, laying the foundation for the works of Holbrook and other dominant scholars of the hedonic consumption literature, which has become known as “fantasies, feelings, and fun” (Holbrook 2006).

In summary, early economics acknowledged the importance of the experience as the desired outcome from the purchase of goods, and the importance of experiences for the decision-making process of consumers.

2.3.2.2 ‘Rational’ Cognitive Theories of Traditional CAB

Early consumer behavior theorists explained customer actions as a rational cognitive process (Fishbein and Ajzen 1976, 1980; Sheppard, Hartwick and Warshaw 1988). This view, linking cognition, affect and behaviour (CAB), suggests that customers are involved in a rational assessment of past, present and their imagined future experience, and that they use this information to determine their behavioural intentions. A customer assesses the personal value of that experience (Oliver 1999), evaluating information that identifies the benefits and sacrifices of a product (Zeithaml 1988) or a relationship (e.g. Gronroos 1997). Based on an assessment of expectations against outcomes, the customer rationally chooses an action.

CAB scholars explain a customer experience as a sequential assessment process. This assessment assumes that the customer has sufficient information to make a rational choice, leading to goal directed activities of searching for information, evaluating alternatives and determining an action such as purchasing a product.

CAB researchers introduce an early conceptualisation of rational buyer behaviour, but their theory is challenged by the importance of the non-rational aspects of buyer behaviour, such as emotions and non-utilitarian aspects, featured in the discussion of the conceptualisation of customer experience (e.g., Holbrook and Hirschman 1982; Holbrook and Batra 1987; Arnould and Thompson 2005).

2.3.2.3 Experiential 'Emotional' Theorists

A key doctrine of early work in consumer behaviour was that rational problem solving represented a key aspect of consumer behaviour. However, as Alderson (1957) points out, work had started to explain buyer behaviour by less rational factors such as instinctive and unconscious drives. This work was “a reaction against the excessive and exclusive emphasis on rationality by some economic theorists” (p. 164). By the latter part of the 1950s, the view of consumer behaviour started with an analysis of the nature of problem-solving but took into account non-rational factors such as a habit, impulse, ego-involvement and instinctive drives (Alderson 1957).

Alderson also introduced the distinction between consuming and buying behaviour, declaring that using a product or service would determine the choice of consumers (1957). This sparked a more recent shift in research from the utilitarian focus, where the product or service is seen as performing a function, towards the hedonic performance, where products and services are valued

for their essentially pleasing assets. Based on this approach, research proposed to evaluate products and services in an instrumental and hedonic way (Batra & Ahtola 1990). In their summary of the theory of buyer behavior, Howard and Sheth (1969) acknowledge the importance of the customer experience as a source of “sufficient choice criteria” (p. 26) for buyers. The customer experience is subsequently described as a source of customer satisfaction and brand value (Howard and Sheth 1969). However, the notion of the consumption experience in the marketing literature, highlighting the hedonic dimension of consumer behaviour, is most often linked to Holbrook and Hirschmann’s 1982 article, in which they define the consumption experience as a personal occurrence, often with important emotional significance, founded in the interaction with a stimulus, which are the products or services consumed. Hedonic, experiential consumption experiences are closely related to affects (Batra and Ray 1986), such as pleasantness and arousal, and ultimately to customer satisfaction (Mano and Oliver 1993).

There are interesting observations derived from work studying the experience of ownership. Traditional theories of consumption suggest that the ownership experience is the ultimate expression of consumer desire (Belk 1988; Kleine, Kleine and Allen 1995). Chen (2008) challenges these theories and suggests that access experience (in contrast to possession) permits consumers to establish a relationship with an object, reducing the need to possess. Few authors have considered how the customer experience influences customer value (O’Neil and Palmer 2003). Most authors focus on hedonistic value in use (e.g., Hirschman and Holbrook 1982), whilst a few consider non-hedonic value-creating experiences (e.g. Sandstrom et al. 2008). Value in use is the result of a cognitive assessment of both functional and emotional dimensions. This contrasts with those authors who focus on the emotional dimensions of customer experience.

2.3.2.4 Peak Experiences

Early studies of customer experience suggest that the experience overall needs to be assessed (a series of encounters), rather than the traditional approach, which emphasises expectations and

outcomes. Each new experience is conceived as cumulative, e.g. each visit to a museum increases the value of the visits (Evrard and Benavent 2002).

However, Arnould and Price (1993) suggest that the dominant paradigm of evaluating consumer response to service, the confirmation – disconfirmation paradigm (Oliver 1996), reaches a boundary condition when faced with truly extraordinary experiences. Consumers can neither effectively establish expectations for extraordinary experiences nor evaluate the outcomes against prior criteria. The authors observe the customer experience of white river rafting and other extreme sports and find that this experience transcends normal consumer purchasing, appealing to deeper psychological scripts such as the rite of passage. This article is widely cited in the peak experience literature amongst marketing scholars.

Schouten et al. (2007) coined the term “transcendent customer experiences” (TCE) to reflect the phenomenon identified by Arnould and Price. Transcendent experiences are grounded in two streams of psychological research: the concept of *flow* and *peak* experience. Peak is an intense, transformational experience; almost an epiphany. Peak experiences leave deep impacts in the psyche (Schouten et al. 2007), whereas flow is more in the moment but can be reactivated by artifacts, as indeed can peak experiences. The artifacts could be souvenirs, memorabilia or, even more importantly for marketers, brands and products. Products that evoke peak or flow experiences can elevate themselves above the mundane applications with which they are often associated and take on even sacred meanings (Schouten et al. 2007). Schouten et al. provide empirical evidence that peak experiences (e.g. Jeep owners’ club events) create brand affinity and purchase intent.

Flow is a state of almost unconscious, total immersion in an enjoyable activity or task (Pace 2004). The acknowledged originator of the concept, Csikszentmihaiyi (1990, 2000), defines it in terms of a total or holistic experience that can occur when someone is engaged fully in a task which is absorbing and challenging, yet achievable. The concept of flow was popularised in

marketing by Hoffman and Novak (1996) in their analysis of online consumer behaviour in the context of multi-media driven hypermedia computer-mediated environments (CMEs).

Whilst flow and peak create experience differently, they share common traits that are linked with brand preference and purchasing behaviour (Schouten et al. 2007, Arnould and Price 1993). These traits create powerful associations between experiences and the marketers' offer. However, it is peak experiences that seem most strongly associated with Maslow (Diesnner et al. 2008) and hence allow for a more natural fit with the marketing discourse around differentiation, touching more profound and motivating impulses.

2.3.3 Process –How Customer Experiences Arise and Evolve

2.3.3.1 Unidirectional Perspectives of Customer Experience

This perspective, of a supplier “delivering” a customer experience, reflects a goods-dominated logical approach and links with ideas of “delivering value” described in work on value chains (Porter 1984), value disciplines (Treacy and Wiersema 1993; 1995) and the value proposition (Lanning and Michaels 1988; Lanning and Phillips 1992). These perspectives suggest that a company chooses, designs and delivers value for chosen customers, carefully tailored by knowledge gained from the market and customers. Writers frequently describe how suppliers ‘deliver’ the customer experience (e.g., Arnould and Price 1993), while in the context of services, Berry (2000) makes a strong case for suppliers managing their customer service experience, as this forms a critical role in brand formation.

This theme of “delivering a customer experience” is echoed in work exploring the “perfect customer experience” (Frow and Payne 2007). Although this view acknowledges that “perfect” experiences are co-created, especially when dialogue (Ballantyne and Varey 2006) and knowledge sharing (Vargo and Lusch 2008) occur, suppliers can carefully craft the delivery of a customer experience. Frow and Payne (2007) illustrate the concept of the “perfect customer experience” with case studies, identifying how two companies, Guinness and TNT, have carefully crafted the experience provided to customers. Although this unidirectional perspective of “delivering” the customer experience has limitations, there is merit in highlighting the significant opportunity for suppliers in designing delivery processes and controlling, where possible, the context of the experience. This perspective highlights the role of knowledge sharing processes, as the supplier seeks to understand every facet of the customer experience at any given time, not only during a transaction, but also throughout a relationship.

I explained above how research in customer experience has shifted from studying the values of individuals to looking at how the customer experience can be created by an organization, both internally and with respect to customers, and finally to a perception of customer experience that considers the perspectives of both the customer and the organization.

2.3.3.2 Co-Created Experiences

Co-created experiences are the focus of many studies seeking to understand the process of value creation (Holbrook 1996). Early contributions came from services marketing, where researchers suggested that service experiences are the outcome of interactions between organisations, processes, service employees and customers (Bateson 1983, 1984; Lusch, Brown and Brunswick 1992; Hubbert 1995; Bitner, Faranda, Hubbert and Zeithaml 1997). An important distinction is between co-produced experiences and co-created experiences. Prahalad and Ramaswamy (2004) suggest that co-production involves suppliers controlling interactions with their customers, while co-creation involves customers and suppliers choosing to interact with the goal of obtaining value from their own uniquely created experience. They suggest that co-creation involves informed customers who choose to interact actively, on their own terms, with a supplier.

Etgard's (2008) model of the consumer co-production process identifies five stages involved in the co-production process: developing the antecedent conditions; developing the motivation which prompts consumers to engage in co-production; calculation of the co-production cost benefits; activation when consumers become engaged in the actual production activities; generation of outputs, and evaluation of the results. The model largely takes the perspective of the consumer/customer and does not identify clearly the many contributors to the co-production process, such as brand communities, influencers, etc. Furthermore, co-production is considered at a point in time and not as a holistic experience.

Caru and Cova (2007) identify a continuum of consuming experiences which incorporates Prahlad and Ramaswamy's (2004) viewpoints. The continuum spans those experiences which are largely constructed by companies to those which are largely constructed by customers. In the middle of this range are those experiences which are similar to Prahlad and Ramaswamy's view and are truly co-created. Caru and Cova suggest that the role of the company changes along the continuum, from a company adopting a traditional product/service marketing approach, through a co-creation stage (where the company provides the basic tools for a customer to co-create their unique experience), to an experiential marketing approach (whereby the company provides a carefully designed experience for the customer). Until now, there has been little research investigating factors contributing to the emphasis on co-production or co-creation, but possible factors include the type of product/service, the importance of the experience to the customer, the relative amount of knowledge by both parties and the industry context.

Co-creating experiences involves interaction between customer and supplier. In contrast to the episodic peak experience perspective, a co-creation perspective considers customer experience holistically, as sequential interactions through touch points or encounters. Every interaction is important in the customer experience and the role of the company is an enabler in the customer achieving an optimal experience (LaSalle and Britton 2003). There are many forms of interaction or encounter, including either direct (self-service encounters) or indirect (unplanned encounters) with the supplier. A supplier's role can range from active engagement in the customer experience, e.g. a restaurant experience, to providing the context and processes that help a customer create their own, unique experiences e.g. a Disney experience (Caru and Cova 2003). A supplier can actively facilitate the customer's engagement by supplying cues such as referents, guides and rituals (Caru and Cova 2006).

There have been few attempts to explain the process of managing the co-creation of value and identifying the role of the customer experience within this process. Payne, Storbacka and Frow (2008) provide a conceptual model of this process, and suggest that the customer experience of a

relationship consists of three components: cognition, emotions and behaviour. These components are essential inputs to customer learning. The supplier can enhance the customer experience by supporting customer learning and developing processes that acknowledge cognitions, emotions and behaviour. However, the framework inadequately explains the impact of the social context of the customer experience, for example social groups who may fundamentally impact the experience. This issue is discussed below in the context of shared experiences.

Researchers studying customer experience have provided new insights into the nature of value, as their interest is to explore the value exchanged and co-created in an experience. For example, in their work on value propositions, Rintamaki et al. (2007) suggest one approach. They identify four key components of value: functional, symbolic, emotive and economic. These value dimensions range hierarchically across dimensions of objectivity, abstraction, utility and level of transaction. Suppliers considering co-creation opportunities can design each of these dimensions into a customer experience, increasing the attractiveness to customers. For example, some experiences provide significant emotionally compelling opportunities for co-creation, such as travel experiences. Other experiences provide functional co-creation opportunities, such as involvement in product design.

Within the literature on co-creation, there are wide-ranging views of exactly what is co-created during an exchange. For example, co-creating the service or product (co-production) (Bendapudi and Leone 2003); co-creating the voice of the customer and engaging in dialogue (Jaworski and Kohli 2006; Oliver 2006); co-creating value (Holbrook 1996); co-creating the value proposition (Vargo and Lusch 2004); co-creating knowledge (Flint and Mentzer 2006); co-creating opportunities for value creation (Payne et al. 2008); and, co-creating the experience (Prahalad and Ramaswamy 2004). Each of these approaches links to co-creating the customer experience, but sometimes this linkage is unclear.

2.3.3.3 Dialogical Perspectives with Other Parties

Another aspect of understanding how customer experience develops involves identifying the roles of multiple stakeholders. This perspective highlights the fact that the customer and supplier relationship is only one of many relationships that are important in creating the customer experience. This broader approach suggests that understanding the customer experience involves identifying how stakeholders share in creating the customer experience. Each stakeholder relationship contributes to the customer experience, providing unique knowledge that helps to shape the experience. Important stakeholders include supply chain partners (Flint and Mentzer 2006), as supply partners and their customers exchange knowledge about the market, systems, processes and operation. This knowledge is co-created and provides the basic ingredients that fashion the customer experience.

Another important group of stakeholders are customer influencers, e.g. non-users, competitors and the wider community. For example, a recent study suggests that shared experiences fundamentally change individual subjective experiences. In their study of pleasure within the social context of clubbing, Goulding et al. (2008) suggest that the shared experience of a club (music, dance, drugs) causes a suspension of personal rules and norms that may direct everyday life. The collective nature of clubbing transforms the individual's experience and increases the group's experience of pleasure, e.g. listening to music, sharing in drugs etc. Shared illicit risk taking increases the pleasure of drugs (taking Ecstasy) and provides the basis of empathy between 'clubbers' in this specific social context. Interestingly, the same people who are 'clubbers' at the weekend may have constrained, regular working lives during the week and adhere to a totally different rule set. These insights suggest that a broader focus provides additional richness to understanding the customer experience, moving from an individual, subjective experience to a socially constructed experience. An individual experience of a product or service may be highly dependent on the social experience of a group or wider social context. This view is consistent with Thompson and Fine (1999), who suggest that individual-level processes are necessary but do not fully explain the shared understanding of a group.

2.3.3.4 Brand Communities and Customer Experience

Studies of brand communities provide additional insights into the customer experience. Researchers studying brand communities suggest that members may profoundly influence the experience of others within the community and that this often occurs in unplanned ways, independently of the supplier. Studies have investigated different aspects of how the brand community may impact the experience of brand members. Every experience is a unique, individual subjective activity, but subtle changes affect the experience through the passive or active involvement of others. ‘Membership’ of a brand community (and especially an on-line brand community) provides real time knowledge that can influence customer expectations and in-use experience. Methods for studying brand communities include ethnographic, and more recently, netnography (Kozinets 2002). Both methods highlight how community members fashion their own unique experiences, often independently of the supplier (Muniz and O’Guinn 2001) and product (Muniz and Schau 2005). Examining how a customer relates to a brand community provides new insights into the brand’s role in an individual’s life. Through interaction with the brand community, customers put themselves on display, especially within web communities and through the advent of blogging (Cova and Pace 2006). Studies illustrate the various roles of the supplier, which may vary from facilitator supporting the activities to the brand community (McAlexander, Schouten and Koenig 2002) to passive observer (Schouten and McAlexander 1995). Membership of a brand community unites customers sharing a common interest and enhances individual emotional ties to a brand, especially through “peak experiences” (Schouten, McAlexander and Koenig 2007) or joint product development (Fuller, Jaweck and Muhlbacher 2006; Kozinets, Hernetsberger and Schau 2008). Brand community membership provides social interactions that offer insights unachievable through individual creative activity. Individual experiences are subtly changed; either positively, when a community accepts a member’s contribution, or negatively, when feedback is less promising. Brand community involvement may provide individuals with emotions of excitement and identity or exclusion and failure (Algesheimer, Dholakia and Hermann 2005).

The brand community literature turns a spotlight on a complex network of actors who play significant roles within the customer experience. Although the brand community literature provides some useful insights into the customer experience, authors frequently consider the activities of a brand community and the influence on members' behaviour, but fail to identify precisely how membership changes the customer experience of a brand, product or service. Furthermore, the role of the supplier within the brand community is often unclear. Supplier involvement may be as a passive observer, a facilitator of the community, a recipient of value from the community, or a combination of each of these roles. However, the literature identifies that membership of the community impacts on an individual customer's experience, especially with emotions of identity, sharing, creativity and heightened ethical concern (Kozinets et al. 2008). Despite these important contributions to the customer experience literature, there are significant unexplored issues, such as the negative impact of brand communities on individual customer experience.

2.3.4 Practice – Portrayal of Customer Experience Management Literature

This perspective of practices and their role in understanding the customer experience stems from work by practice theorists (Giddens 1979, 1984; Callon 1998; Reckwitz 2002). Giddens (1984, p. 2) argues that the domain of the social sciences “...is neither the experience of the individual actor, not the existence of any form of social totality, but social practices ordered across space and time”. Practice theorists suggest that markets are created by actors engaging in various marketing practices - the process of using and consuming goods rather than the exchange of goods (Reckwitz 2002). Suppliers create value by improving practices and enabling access to resources that support practices in socio-cultural terms. A practice approach suggests that social phenomena cannot be understood by studying the mental state and actions of individuals, but instead is concerned with studying actions and ‘doing’ rather than sense-making. In the context of the customer experience, this perspective questions approaches that analyse the process of how a customer experiences. Instead, a practice approach suggests considering what people do, instead of what people think and feel. The unit of analysis for understanding an experience is not an individual customer but the system embedding a practice, and in which the customer is engaged. The practice approach is in sharp contrast to a phenomenological approach whereby a customer experience is subjective, experiential and context driven. The focus of practices emphasises understanding how people engage in the world.

Korkman (2006) gives the example of ocean cruising, which is associated with certain practices, including fine dining, lavish entertainment and specific activities. These practices are not dependent upon any individual but are dependent upon the physical setting of the cruise vessel. Understanding the experience of practices within a market requires understanding processes that contribute to those practices. Instead of considering individual sense-making, the focus becomes the practices carried out in a market by a network of interdependent actors (Korkman, Storbacka and Harald 2008).

My reason for introducing this practice perspective is to highlight how studying practices may impact current approaches to understanding value and markets. Reckwitz (2002) suggests that practice theory may sensitise researchers in ways of seeing and analysing social phenomena.

2.3.4.1 Consultant/Analyst Perspectives of Customer Experience

Whilst there is a growing realisation that customer experience is the key to building a successful brand in a service dominated economy, companies' assessment of the quality of their customer experience is at odds with customers' assessment of the same. A survey by Bain & Co. (2005) reveals that while 80 per cent of companies believe that they deliver a superior customer experience, only 8 per cent of their customers believe that they are indeed receiving a superior customer experience.

Given the heightened interest amongst managers in the concept of customer experience, it is not surprising that consulting firms such as Boston Consulting Group (BCG) and McKinsey & Co. and analyst firms such Gartner and Forrester contribute to the emerging debate on the topic. Predictably, this body of work is very applied and managerially oriented. Here, I review briefly two approaches that are useful in illustrating application of the customer experience concept.

The first approach, by the Boston Consulting Group (Rickard 2006), aims to not only identify critical aspects of the customer interaction, but also to compare these with competitor performance on these same attributes. Using this data, a supplier can weight each attribute for importance and relative performance within the customer experience. This detailed analysis provides a useful starting point for identifying areas where the supplier can consider enhancing the most valuable attributes within the customer experience. The contribution of this approach is to highlight how an understanding of the customer experience requires careful evaluation of the supplier's own offering, along with those experiences offered by competitors (Allen et al. 2005).

A second approach, adopted by Gartner, identifies various dimensions of customer experience (Daum 2004). They suggest that the extent to which a customer feels an emotional attachment towards the offering and the supplier firm has an impact on the customer experience. This attachment develops over time and is the sum of the emotions experienced during repeated encounters. Gartner has developed a classification of customer attachment, ranging from the customer hating the company to loving it, and these emotions impact the subsequent customer experience. They suggest that brands play a key role in creating an expectation of a customer experience, an issue addressed in the literature on brands (Keller 1993). Gartner's contribution is to emphasise the longitudinal nature of the customer experience. They suggest that a supplier should consider the entire relationship with the customer, including the promise made in the value proposition, the experience delivered, and the post-experience and customer feedback.

2.3.4.2 Services Marketing Perspectives

The services marketing literature often divides the customer experience into two categories, the first being the actual functioning of the goods or service, evaluated by the logical part of our brain. The second category includes the emotional part of the customer experience, such as sights and sounds of the services and goods, as well as the environment in which the interaction with the services or goods takes place (Ledoux 1996). The emotional part of the customer experience is further subdivided into the 'mechanics' (experiences through things) and 'humanics' (experiences through people). Functionality is essential to a purchasing decision, because if something is seen as unreliable or non-functional we will simply not buy it. 'Humanics' experiences are, however, as important to the buying decision and have to work synergistically with the 'mechanics' (Berry et al. 2002). Zaltman (1997, p.428) states that "consumer preferences and motivation are far less influenced by the functional attributes of products and services than the subconscious sensory and emotional elements derived by the total experience",

emphasising that customer value cannot be reduced to the simple “functionality versus price” formula (Sweeney and Soutar 2001).

The notion of customer experience and its impact on business has not been discussed in the service marketing literature until recently (e.g. Prahalad and Ramaswamy 2004; Johnston and Clark 2008). Creating superior customer experiences is seen as one of the key objectives for the success of the service organisation (Verhoef et al. 2009). Organisations are elevating the management of customer experiences to a top priority item in their efforts to build customer loyalty in brands, channels, and services (Badgett, Boyce and Kleinberger 2007).

Most of the service marketing literature is found in practitioner-oriented journals and management books, focusing on managerial outcomes rather than developing theory of customer experience (Verhoef et al. 2009). One of the most popular examples is Pine and Gilmore’s work on the *experience economy*. In their articles, Pine and Gilmore (1998, 1999) assert, but fail to provide empirical support, that traditional brand marketing and communications are increasingly ineffective. Borrowing loosely from Maslow’s theory (1954) of motivational hierarchy, they identify a pyramid of consumer involvement from commodities, branded products, service through to experience. They suggest that the experience economy represents an inevitable progression in wealthier markets. Their prescription is to build experiences, not products based offers, and then proceed to offer advice on how to do it.

Service marketing literature concerned with the theoretical construct of customer experience, rather than managerial outcomes, is limited (Verhoef et al. 2009), and based on the notion that customer experience is a summation of all the clues that add somehow to an overall experience (Mossberg 2007). This conceptualisation of customer experience has been explored more recently, suggesting the *holistic* and *total* nature of the customer experience (e.g. Meyer and Schwager 2007). Meyer and Schwager (2007, p.118) define customer experience as “the internal and subjective response customers have to any direct or indirect contact with a company”.

Gentile et al. (2007) conducted empirical research on the role of experiential features of well-known brands and their products, such as Ikea and Nike. Drawing from Holbrook's (1999) notion of subject-object interaction, Gentile et al.'s (2007) study is seen as one of the few articles exploring customer experience from a theoretical point of view (Verhoef et al. 2009). Gentile et al (2007) build on the two approaches above, suggesting that the different components for understanding the customer experience include: sensorial, emotional, cognitive, pragmatic (practically doing something), lifestyle, and relational components. By investigating the role of different experiential features in the success achieved by some products, their research suggests that a value proposition should include both experiential features (hedonic, experiential value) and functional characteristics (utilitarian /functional value). This notion is similar to the findings of Schmitt (1999), who suggests that customer experience is based on different components important for engaging the customer at different levels: sense, feel, cognitive, physical experiences, lifestyle, and the customer's social identify relative to a reference group. The research of Gentile et al. (2007), while exploring experiential features of famous brands and their products, lacks the empirical exploratory research needed to define the construct of customer experience.

Verhoef et al. (2009) suggest that the customer experience is of a cognitive, social, affective and physical nature. Their model of customer experience creation suggests that the determinants of the customer experience, and the corresponding management strategy, include: social environment; service interface; retail atmosphere; assortment; price; customer experiences in alternative channels; and the retail brand. Verhoef et al. (2009) state that the situation of the customer experience (e.g. type of store, location) and the consumer themselves (e.g. attitudes, task-orientation) can moderate the overall customer experience. This model also reflects the work of other researchers, proposing the nature of customer experience as the customer's response to all direct and indirect encounters with a company (Gentile et al. 2007; Meyer and Schwager 2007). Verhoef et al.'s (2009) framework, while quite comprehensive, as stated in the holistic description of the customer experience, fails to provide empirical support for their construct.

One of the key challenges for service marketing to advance customer experience research is to explore and conceptualise the construct of customer experience in an empirical fashion (Verhoef et al. 2009). This research will improve our understanding of the underlying antecedents, dimensions, and consequences of customer experience. One way to accomplish this is by developing an empirical measure and construct of customer experience to identify the drivers of customer experience and their impact on the overall experience and important marketing outcomes (Verhoef et al. 2009), as suggested by the literature: customer satisfaction, repeat purchasing behaviour, loyalty and word-of-mouth intentions.

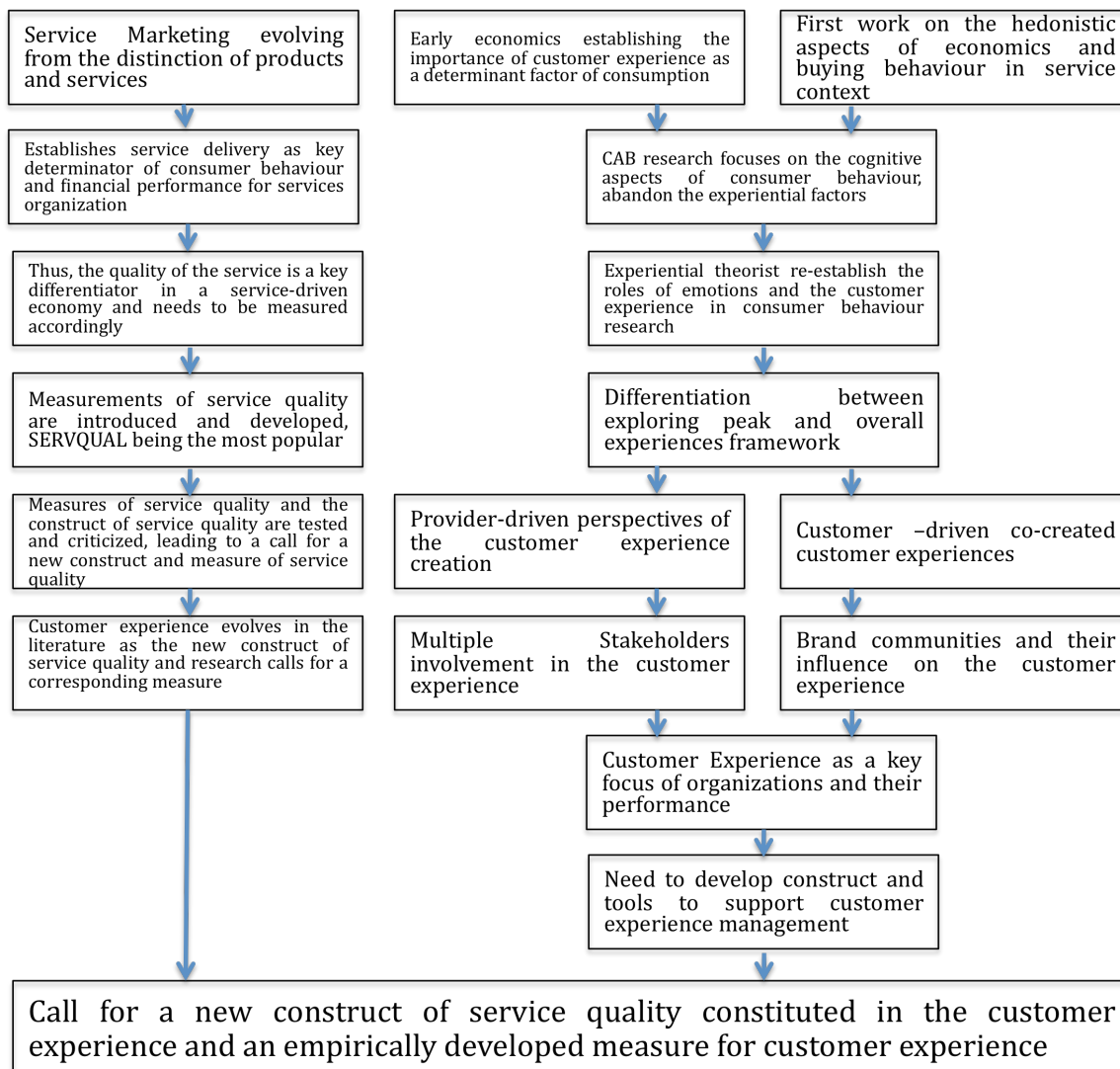
Novak et al. (2000) developed a measure of customer experience in the context of online environments. However, this measure is limited to the online environment, using the flow experience rather than the service marketing *overall experience* framework, and fails to connect the customer experience to important marketing outcomes. Brakus et al. (2009) propose a scale and conceptualisation of brand experience broken down into four dimensions: sensory, affective, intellectual, and behavioural. However, the research is limited to brand-specific interactions, lacks exploratory research to conceptualise the construct, and is only linked to behavioural intentions.

Customer experience has its roots in many disciplines including economics, psychology, social psychology, economics, management and marketing. However, in spite of continued and increasing interest from researchers and practitioners in this area, the growing body of knowledge on customer experience has been fragmented, with different points of view and no widely accepted way of pulling the views together (Holbrook 2006). The key authors within each discipline, corresponding to the literature review above, and including their key contributions and limitations are attached as Appendix D.

2.4 Summary and Research Opportunity

Consequently, the customer experience literature exposes the need to develop and validate an empirical construct and corresponding measure of customer experience quality. This mirrors the service quality literature in its call for a new concept and measure of service quality grounded in the customer experience (see Figure 8).

Figure 8 Visualisation of literature review leading to justification of thesis



This thesis literature review demonstrates how the two streams of service quality and customer experience have evolved and merged to develop the research opportunity guiding my thesis.

Given that managing the customer experience is a priority for service organisations, an empirically founded construct of customer experience and its corresponding measure of customer experience quality will build a solid foundation to assist service companies in their efforts to successfully manage customer experiences, while addressing the call for researchers to “work on relevant issues and make a difference in the practice of marketing” (Reibstein, Day and Wind 2009). In contrast to the recognition of the importance of the customer experience concept for organisations, the focus of the traditional service marketing literature has been the measurement of service quality, with the assumption that it generates satisfaction, the antecedent of loyal behaviour (Verhoef et al. 2009). However, some scholars are now challenging the current definition of service quality, its usefulness, and its corresponding measures (e.g. Schembri 2006). They believe that customer experience is the key determinant of service quality evaluation, and Berry et al. (2006, p. 1) state that “By definition, a good customer experience is good customer service, thus the customer experience is the service”.

This construct and measure of customer experience will address the call for a new construct and measure of service quality. The literature already advocates the dimensions of customer experience as the guide for all service encounters (Prenshaw et al. 2006). The new construct could also address the criticism of existing service quality measures by, for example, excluding the critical emotional aspects of the service encounter (Liljander and Strandvik 1997). Schembri (2006) concludes that customer experience is the key determinant of service quality evaluation, and as a consequence, the final concept of perceived service quality (Schneider et al. 1998).

Marketing academics accept that the definition of a new scale “must go hand-in-hand with conceptual development of the construct itself” (Brakus et al. 2009, p. 52). An emerging service quality construct based on the construct of customer experience is far broader than the limited functional service encounter suggested by current measures. It includes pre- and post-service

encounter experiences, addresses emotional as well as functional dimensions of quality, and explains important marketing outcomes better than current frameworks, concepts and measures. Its measure will have dimensions that are verifiable through research, yet there no empirically derived corresponding measures of customer experience at the present time (Verhoef et al. 2009).

Consequently, this measure will be based on a broader and more holistic conceptualisation of customer experience (Verhoef et al. 2009) that links the construct to the triggers of purchasing behaviour. Verhoef et al. (2009) regard the development of a scale for customer experience quality that measures the holistic experience from the customer's point-of-view as a critical research priority to advance customer experience research. Figure 8 represents a visualisation of the literature review proposing the justification of the thesis.

2.5 Research Title

This thesis develops and validates, empirically, a multiple-item scale for assessing customer experience quality called EXQ, and explores the impact of customer experience quality on important marketing outcomes as suggested by the literature: customer satisfaction, repeat purchasing behaviour, loyalty and word-of-mouth intentions. The title of this thesis is:

“EXQ: development and validation of a multiple-item scale for assessing customer experience quality”

In order to extend previous research on customer experience and to develop the EXQ scale the study follows Churchill’s (1979) paradigm and other scale-development studies (e.g. Walsh and Beatty 2007).

3.0 RESEARCH PHILOSOPHY AND METHODOLOGY

Having identified a research opportunity, it is necessary to consider the methodological and underlying philosophical choices that inform the study.

It is widely acknowledged that situating the research within the context of an appropriate philosophical framework is a necessary precondition for rigorous and successful social science research (Blaikie 1993; Easterby-Smith, Thorpe and Lowe 2002; Gill and Johnson 2002). As Roger Trigg states (2001, p. 252), “empirical social science must itself start from a properly articulated philosophical base if it is to be successful. Quantitative analysis, and measurement, of whatever kind, is of little use without an understanding of what is being measured and why it matters.”

This chapter will present the philosophical foundations of the research and the rationale for a study of the development of a customer experience quality scale.

The key aspect of this research is to ascertain that the causal mechanism in a social phenomenon (the influence of the customer experience on purchasing behaviour and behavioural intentions) is grounded in the realist philosophy, acknowledging the “attempt to preserve a “scientific” attitude towards social analysis at the same time as recognising the importance of actors’ meanings and in some ways incorporating them in the research” (Layder 1993, p. 16).

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- Outlining research rationale , context, objectives, methodology, findings and contributions.

Chapter 2 Review of the Literature

- Reviewing, appraising, and synthesizing relevant literature domains. Discussion of research opportunity, objectives and introduction of research title.

Chapter 3 Research Philosophy and Methodology

- Rationale for study. Data collection, methods and analysis.

Chapter 4 Scale Development

- Stage 1 Qualitative Study
- Stage 2 Scale Purification through Exploratory Factor Analysis (EFA)
- Stage 3: Reliability and Validity Assessment of Measure
- Stage 4: Conceptual Framework, Additional Assessment (SEM) connection to outcomes

Chapter 5 Discussion

- Discussion of findings

Chapter 6 Contributions

- Presentations of contributions to knowledge and practice. Discussion of study limitations and opportunities for future research. Personal reflections.

Following the principles of critical realism, I do believe that the ‘reality’ of customer experience has powers and mechanisms that we as scientists cannot discover directly. However, we can try to explain observable events and documentations of these events, which are caused by certain underlying mechanisms. As Danermark et al. (2002, p. 21) state, critical realists “investigate and identify relationships and non-relationships, respectively, between what we experience, what actually happens, and the underlying mechanisms that produce the events in the world”. Therefore this research will try to understand this reality by observing the outcomes of the customer experience, i.e. purchasing and repeat-purchasing behaviour attributes, in order to explore the relative importance of the experience attributes in this process.

Blaikie (1993, p. 38) states that “direct understanding of a human activity is like grasping a meaning of a sentence or a thought. ...Motivational understanding of social actions is concerned with means and ends; it’s the choice of a means achieving some goal”. In order to explore the understanding of the actions related to the customer experience I follow the subsequent methodology. Blakie’s (1993) definition provides a direct epistemological link between the critical realist theory, the means-end approach (Gutman 1982) and the use of laddering techniques, “thus enabling the researcher to position them within a defined philosophical framework” (Baker 2002).

Consequently, in order to examine the customer experience in depth while still producing quantifiable results the study will use a ‘means-end’ chain approach (Zeithaml 1988). The means-end chain approach attempts to discover the salient meanings that consumers associate with products, services and behaviours. The focus is on associations in the consumer’s mind between the attributes of customer experience, as suggested by the literature, the linkages between attributes of the customer experience, behaviour, behavioural intentions and consequences are the means-end chains, the mental connections that link the different levels of knowledge. Thus the means-end approach will help to understand the customer’s decision processes driven by the customer experience (Olson and Reynolds 1983).

To incorporate the wide range of possible assessment criteria arising from the literature, the thesis will incorporate a framework that based on the means-end-chain approach (Parasuraman et al. 2005). This framework follows the established approach to explore and validate measures of service quality in different contexts (Parasuraman et al. 2005). The theoretical foundation of the framework allows the exploration of the attributes and dimensions of customer experience.

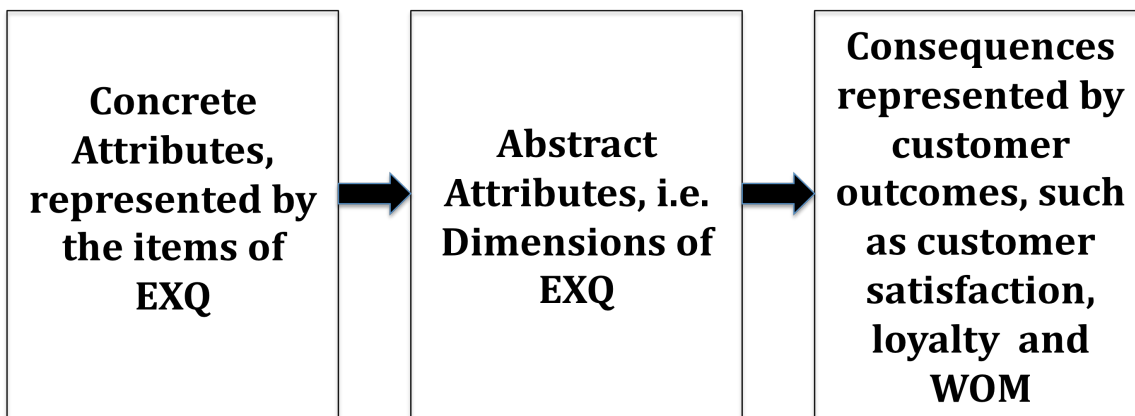
The framework indicates that the foundation for assessing the Experience Quality 'EXQ' is the consumer's assessment processes, including the perceptual and dimensional levels. Based on this framework and existing literature, I will propose that the antecedents of EXQ are specific concrete attributes, which trigger perceptual attributes. The perceptual attributes, i.e. evaluation of experience quality join together to assess the more abstract dimensions. The evaluations of the attributes and the resulting dimensions will lead to a broader evaluation, the higher-order abstraction (e.g. overall assessment of EXQ), which influences behavioural intentions and actual behaviour (Zeithaml, Parasuraman, and Malhotra 2000).

Concrete attributes, also referred to in the literature as the technical aspects of the customer experience, are the antecedents that influence this process, while the higher-order abstractions and purchasing behaviour are the outcome of the process. Thus, consumer-experience influencing features associated with the core evaluation process of the experience, especially the perceptual attributes, by their nature more 'experiential' than technical, will build the dimensions for the EXQ scale. In addition, the literature suggests that the perceptual attributes should be chosen over the technical aspects because of their ability to capture more enduring evaluative aspects. While technical aspects of the experience will change through e.g. advances in technology, the more abstract perceptual attributes, which are essentially the core, will not change as the focus of the evaluation of the experience (Parasuraman et al. 2005).

These perceptual attributes and the resulting dimensions can be evaluated on a scale, while technical aspects are often judged on an existing or non-existing basis. Therefore, perceptual-based dimensions will not only deliver assessments of particular dimensions, but will also be more specific and capable of delivering greater insight about the parts of the experience in need of improvement. The relationships of the proposed framework between the processes of

evaluating the customer experience and its consequences build a solid underpinning to verify the validity of a construct consisting of perception based attributes items such as EXQ (Parasuraman et al. 2005). Hence, the measure of EXQ can empirically investigate the effects of the dimension level scores (abstract attributes) on constructs such as customer satisfaction, loyalty, and word-of-mouth behavioural intentions (see Figure 9).

Figure 9 Means end framework EXQ



In summary, the construct of customer experience requires the acceptance of what is defined as real structures and mechanisms, which researchers progressively uncover during the process of research. A key aspect of my research is to identify the causal mechanism in a social phenomenon (the influence of the customer experience on purchasing behaviour), grounded in the realist philosophy.

In order to examine the consumer's individuality in depth, while still producing quantifiable results, I will use a 'means-end' chain approach (Zeithaml 1988). The linkages between attributes of the customer experience and the customer outcomes, i.e. consequences are the means-end chains, the mental connections that link the different levels of knowledge (Reynolds and Gutman 1988).

Numerous studies have shown that techniques based on the means-end theory are suitable for a wide range of marketing applications, including customers' evaluation of services, products and experiences (Olson and Reynolds 2001). The relationships between the processes of evaluating the customer experience and its consequences build a solid underpinning to verify the validity of a construct consisting of perception based attributes items such as EXQ (Parasuraman et al. 2005). Hence, the measure of EXQ can empirically investigate the effects of the dimension level scores (abstract attributes) on constructs such as customer satisfaction and loyalty (see Figure 9). The corresponding methods to accomplish this task are described in the following paragraphs.

4.0 SCALE DEVELOPMENT

This study presents a validated multi-item scale based on the underlying construct of the customers' experience to extend previous research on customer experience and service quality measures. The measure is called the customer experience quality scale: 'EXQ'. The research determines the dimensions of customer experience quality by analysing what customers describe as the triggers of their purchasing and re-purchasing behaviour. I conduct exploratory research to develop a new multidimensional consumer-based service quality measure based on the customer experience. The methodology follows Churchill's (1979) scale development paradigm. As suggested by the literature and other scale-developing studies (e.g., Walsh and Beatty 2007) the scale will be developed in four stages, outlining the process of scale generation, initial purification, scale refinement, and scale validation.

In Stage 1 of the scale development process the study will articulate the meaning and domain of customer experience quality based on insights from the literature review (see Chapter 2) and a comprehensive qualitative study developing a preliminary scale (containing 37 items and representing five customer experience quality dimensions).

Stage 2 will describe the administration of the scale to a representative sample of repeat mortgage purchasers of the UK bank from 75 completed questionnaires. Using exploratory factor analysis

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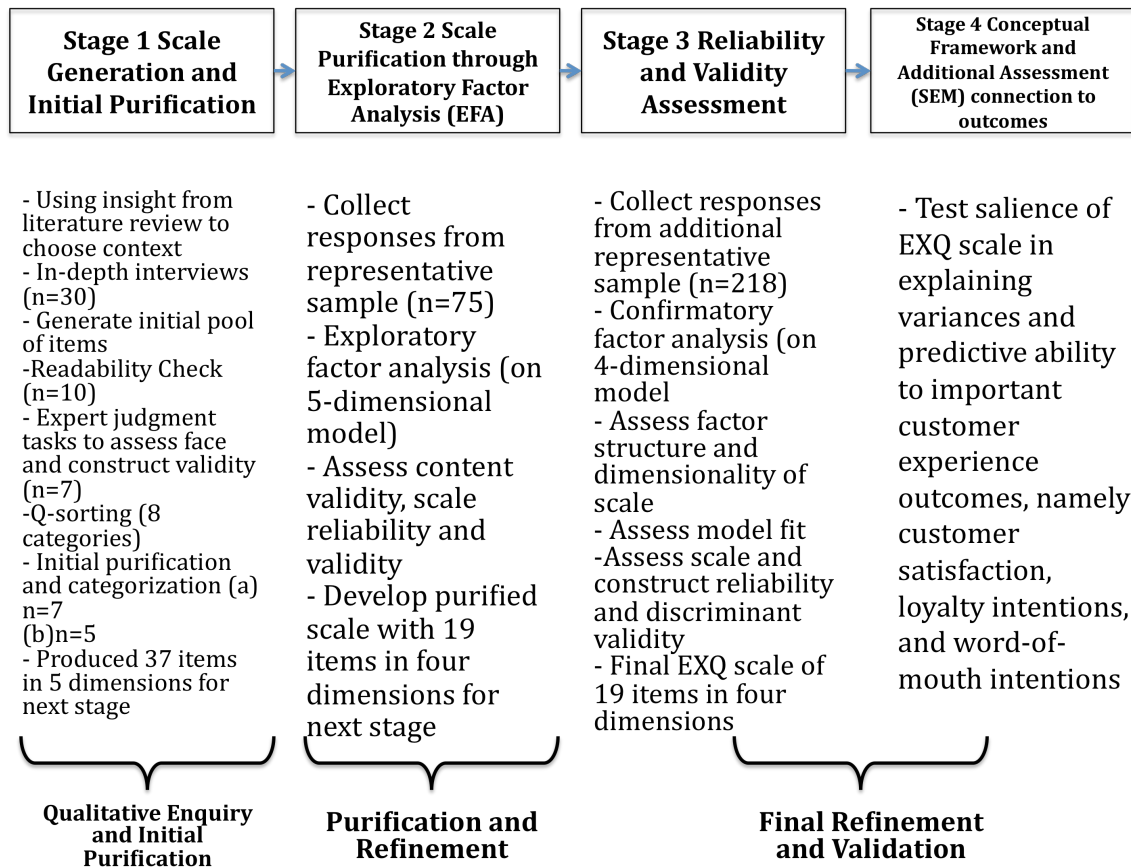
the scale is purified, resulting in a scale containing 19 items, representing four customer experience quality dimensions.

In Stage 3 I conduct confirmatory factor analysis (CFA) to validate the purified scale based on 218 collected questionnaires from a representative sample, which confirms the scale's reliability and validity.

Stage 4 introduces the final scale of customer experience quality and the conceptual framework of customer experience quality. The study assesses the relative importance of the customer experience quality in influencing consumers' overall satisfaction perceptions, their loyalty and word-of-mouth behavioural intentions.

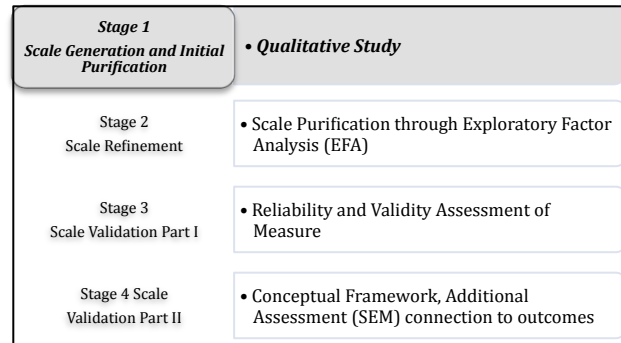
The visualisation of this scale development process is outlined in Figure 10.

Figure 10 Scale development process



4.1 Stage 1: The Qualitative Study

To articulate the meaning, domain and measure of customer experience, the initial stage of this research explores the perceptual attributes of the customer experience. As outlined in Chapter 3, this thesis takes a means-end perspective in explaining how customers make their choice of mortgages.



Solomon and Englis (1994, p. 38) emphasise the “subjective meaning of the consumer's individual experience and the idea that any behaviour is subject to multiple interpretations rather than one single explanation”. Therefore, to understand the individual and mutual significance that consumers link to their consumption experiences, qualitative methods are recommended (Mick and Buhl 1992).

The laddering technique is the standard method for assessing cognitive structures within the means-end paradigm (Reynolds et al. 1995). Soft laddering is a technique of using personal in-depth interviews, in which respondents are restricted as little as possible in their natural flow of speech. During the laddering process, interviewers ask probing questions to reveal structural relationships between attributes (means), consequences and personal values or goals (ends). This corresponds with the view of critical realists that agents behave intentionally, which means that, to obtain a goal, an “agent uses a means to that end” (Danemark et al. 2002, p.179).

The literature suggests that the context of my thesis should include only one type of purchase, because the validity of repurchase intentions varies significantly across contexts (Chandon et al. 2005). A single service is suggested to be more likely to produce significant results than a study across many services (Darby and Karni 1973; Sharma and Patterson 2000). I chose mortgages in

the UK because it is an important, complex and considered choice with a long purchase process, containing numerous service episodes. Considered purchases are likely to display customer experience as a key determinant of customer retention (Sharma and Patterson 1999). Financial planning services are complex (Sharma and Patterson 2000), customized, and high in credence properties, and such properties influence the choice of services (Sharma and Patterson 2000).

Generating an initial item pool through qualitative research shall be, according to Churchill (1979, p. 67), accomplished with an experience survey conducted with ‘a judgment sample of persons who can offer some ideas and insights into the phenomenon’. The objective is to create an initial pool of items, which are then scrutinised thoroughly through other tests. There are no guidelines on how many people need to be interviewed in order to accomplish this task. Recent scale development literature in the service quality domain ranges from an absence of qualitative research, i.e. generating an initial pool of items solely through a literature review (Sin, Tse and Yim 2005; Parasuraman et al. 2005), to non-specific descriptions, such as “collecting responses from business students” (Seiders et al. 2006, p. 146), to 48 interviews, of which 30 were students (Walsh and Beatty 2007), and studies using 28 people (Dagger et al. 2007).

The study achieved data saturation (Glaser and Strauss 1967) after conducting individual in-depth interviews with 30 mortgage customers from the United Kingdom over a four week period. The duration of face-to-face interviews varied from 28 minutes to 60 minutes and all of the interviews were digitally recorded. All interviews were transcribed by a professional service and upon reception personally compared by the researcher with the original audio files to ensure accuracy. The sample consists of customers who purchased one or more mortgages in the previous six months with one major UK bank.

All interviews were conducted according to the Cranfield University School of Management Ethics Policies and care has been taken to ensure participant anonymity during the analysis stage. While it might have been desirable to tabulate participant details with demographics, such as gender, age, and household income, presenting just a small amount of such correlated data can

frequently, and inadvertently, reveal the identity of the participant.

The split between first time buyers and repeat buyers is 15 each. Customers were recruited by a market research company and offered a £50 incentive for their participation. The sample was randomly selected from amongst the mortgage customers of that bank.

Establishing the unit of analysis is critical to research concerned with theory building (Eisenhardt 1989). Furthermore, explicitly defining the unit of analysis is a central component in the effective planning and conceptualisation of the overall research project (Neuman 2000). The unit of analysis for this study is the individual. Through the use of semi-structured interviews, customers of the UK bank have provided accounts of their beliefs, experiences, and perceptions of what triggered their purchasing behaviour, uncovering different facets of the customer experience that could be further investigated in the later stages using quantitative surveys.

4.1.1 Dimensions of Customer Experience Scale and Item Generation

The interviews were transcribed and coded with the support of the software package NVivo 8.0. The software enables the researcher to reflect on the key themes and code and compare the data (Di Gregorio 2000; Clisbee 2003). The interpretive coding protocol used for the study is broadly in line with the framework for classification and description of qualitative data manipulation operations outlined by Spiggle (1994); namely categorisation, abstraction, comparison, dimensionalisation, integration, iteration, and refutation. Through the use of these operations researchers organise data, extract meaning, arrive at conclusions, and generate or confirm conceptual schemes and theories that describe the data (1994, p. 493). The coding itself follows the grounded approach described by Ryan and Bernard (2003), which draws heavily from Strauss and Corbin (1990). The thesis incorporates a systematic and far-out comparison approach and hierarchical coding to ensure that we observe all the data thoroughly and explore all its dimensions (Strauss and Corbin 1990, p. 75-95) through open, axial and selective approaches based upon the inductive identification of thematic categories.

The interview transcripts were initially open coded in a bottom-up fashion, starting with interview one and working through to interview 30 (see Appendix E and F). By the time that interview 21 was coded, the number of thematic groups was reaching saturation, with only a small number of groups being added after this point. Broadly speaking, each category of data is a collection of interview extracts, words, sentences or whole paragraphs, with similar thematic meanings. After the initial stage of working through transcripts, 57 thematic categories had emerged from the data with 2343 interview extracts (see Appendix F). The largest category of data had as many as 218 extracts associated with it, while others had only one (see Appendix G). The descriptions of the items, representing the 57 thematic categories, are included as Appendix H.

Three marketing academics, two PhD students unfamiliar with the details of the research project, and five managers of financial services companies assessed the readability of the items. To

maximise the content and face validity of the items generated from the exploratory research, a panel of experts reviewed the retained item pool (Dagger et al. 2007). The expert panel comprised seven marketing academics familiar with the scale development process. The expert panel members undertook three tasks.

First, the expert panel commented on the clarity, conciseness and labelling of the items, and defined their own labels for the items. Panel members were asked about the similarity of items, the clarity of phrasing and the terminology used in the scale. This resulted in 15 items removed or merged with other items.

Second, the panel members rated each item with respect to its relevance to the item description. Ratings were given on a seven-point scale, anchored by 1=not at all representative and 7=strongly representative. Item purification began with the exclusion of any item rated by the panel members as either 1 or 2 on the rating scale. Six members of the panel had to rate the item as a 6 or 7 on the rating scale for an item to be included in the final scale.

Thirdly, the panel members were asked what dimensions and sub-dimensions evolved from the research model and items. Using the Q-sort technique (Funder et al. 2000), each item in the initial pool was printed on an index card and each panel member was asked to create dimensions and sub-dimensions based on the similarity representing aspect of the customer experience. It was up to the members to decide on the number of categories that he or she used, and to find appropriate labels and descriptions of the categories. The proportion of agreement among the judges was high, demonstrating high reliability. The Spearman correlation coefficient between judges is $r = 0.84$; $p < 0.05$.

The sorting procedure (Moore and Benbasat 1999) generated eight categories of customer experience, with 37 items. Six items were dropped because a number of judges identified them as being too ambiguous to fit into the emerging categories.

Finally, five marketing academics familiar with the research were given the conceptual description of the eight dimensions and asked to rate the 37 items as either “very applicable,” “somewhat applicable,” or “not applicable” relative to the respective dimension. Items needed to be rated at least as “somewhat applicable” to be retained. This procedure resulted in retaining all 37 items and five dimensions.

The five dimensions representing 37 items (all supported in the literature, see Appendix I and K) are (a) *process experience*, constituting experiences connected with securing the mortgages, such as process ease (frustration); (b) *product experience*, representing experiences associated with the features and range of products offered, such as the product diversity and/or additional offerings of the service provider; (c) *lifetime costs*, signifying the total cost of searching, applying and securing a mortgage, including judgments about the importance of securing the best mortgage rate available; (d) *risk*, standing for the perceived risk of accepting a significant financial obligation, and (e) *provider experience*, highlighting the customer’s assessment of all the interactions with the service provider before, during and after securing a mortgage, for example the influence the interpersonal skills of the service provider’s personnel had on the customers’ decision (see Table 4).

Table 4 Dimensions and scale items after stage 1 of scale development

Dimension	Process Experience	Product Experience	Lifetime Costs	Risk	Provider Experience
Description	Experiences connected with the process of securing a mortgage	Experience connected with the range and features of the provider's services	The total costs of searching, applying, securing and paying for the mortgage	The perceived risk of accepting a significant financial obligation	The customer's assessment of all the interactions with the service provider before, during and after securing a mortgage
Scale Items	<p>Process ease</p> <p>Process frustration</p> <p>Account management</p> <p>Multi-channel experience</p> <p>Past experience</p>	<p>Freedom of choice</p> <p>Cross-product comparison</p> <p>Comparison necessity/variety seekers</p> <p>Product diversity</p> <p>Additional offerings</p> <p>Not all my eggs in one basket</p>	<p>Price sensitive</p> <p>Interest rate sensitivity</p> <p>Best rate</p> <p>True costs</p>	<p>Mortgage millstone</p> <p>Emotional impact of disclosure</p> <p>Risk perception</p> <p>Inertia</p>	<p>Peer to peer interaction</p> <p>Face to face interactions</p> <p>Holding their hands</p> <p>Common grounding</p> <p>Flexibility</p> <p>Proactivity</p> <p>Personal relationships</p> <p>Reaction to sales approach</p> <p>Interpersonal skills</p> <p>Brand importance</p> <p>Relationship versus</p>

Dimension	Process Experience	Product Experience	Lifetime Costs	Risk	Provider Experience
					transaction Result focus Convenience retention Transparency Independent advice Expertise - peace of mind Familiarity Lack of guidance Service recovery

The attributes and dimensions generated by the exploratory study differ from existing conceptualisations and measurements of service quality in a number of ways, leading back to the criticism outlined in the literature review of this thesis; in particular the measure includes: (a) reflection of the importance of the outcome of the service experience (e.g. past experience, familiarity, result focus) (e.g., Mangold and Babakus 1991); and the emotional parts of the evaluation of the encounter (e.g. process ease) (e.g., Liljander and Strandvik 1997).

Furthermore, the findings indicate that customer experience is a truly holistic construct (Verhoef et al. 2009), including determinants such as social interactions (Bagozzi 2000), price (Baker et al. 2002), brand (Brodie et al. 2006), and channels.

The validity of the findings will be scrutinised in the subsequent quantitative data analysis as outlined in Chapter 4.2.

4.2 Quantitative Data Analysis Strategy

The previous paragraphs describe and justify my qualitative research methodology. In the following paragraphs, I will describe the details of the quantitative data analysis for purification, confirmation and validation of the customer experience quality measure. The paragraphs following the table describe the corresponding data analysis test in more detail.

<p>Stage 1 Scale Generation and Initial Purification</p>	<ul style="list-style-type: none"> • Qualitative Study
<p>Stage 2 Scale Refinement</p>	<ul style="list-style-type: none"> • <i>Scale Purification through Exploratory Factor Analysis (EFA)</i>
<p>Stage 3 Scale Validation Part I</p>	<ul style="list-style-type: none"> • <i>Reliability and Validity Assessment of Measure</i>
<p>Stage 4 Scale Validation Part II</p>	<ul style="list-style-type: none"> • <i>Conceptual Framework, Additional Assessment (SEM) connection to outcomes</i>

In the first stage I use exploratory factor analysis and scale reliability to identify the underlying dimensions of EXQ and purify the scale with the data from the exploratory sample responses of the first survey. This analysis provides evidence for the distinction of the primary dimensions of EXQ, and decides which of the attributes will be included in the purified EXQ scale.

The new and purified scale is used to collect the second sample for scale validation, and I advocate a two-step structural equation modelling process. In this modelling process I test the goodness of fit of the data, testing whether the selected dimensions represent the construct of customer experience. In the subsequent stage, the EXQ scale and the samples are validated in terms of model reliability and validity based on former criteria used in service quality research (Parasuraman et al. 2005).

The psychometric properties of EXQ are tested through a comprehensive Confirmatory Factor Analysis (CFA). The CFA determines whether the dimensions of EXQ serve as a “strong measure of their respective constructs in both the exploratory and confirmatory studies” (Dagger et al. 2007, p.131). The influence of the dimensions on the customer outcome variables is tested for discriminant validity through all possible construct pairs (Fornell and Larcker 1981).

Next, I examine the structure of the customer experience model. I model customer experience quality, following the suggestions put forward in the literature (e.g. Parasuraman et al. 2005), as a formative model. Thus the dimensions of customer experience drive customer experience quality, despite the fact that the scale items are specified as reflective³ (e.g. Dagger et al. 2007). The scale EXQ and the impact of the customer experience quality on marketing outcomes are fully analysed in the final stage of SEM analysis (see Table 5).

³ Management scholars often identify structural relationships among latent, unobserved constructs by statistically relating covariation between the latent constructs and the observed variables or indicators of these latent constructs ([Borsboom et al. 2003] and [Borsboom et al. 2004]). This statistical covariation allows scholars to argue that if variation in an indicator X is associated with variation in a latent construct Y, then exogenous interventions that change Y can be detected in the indicator X. Most scholars assume that this relationship between construct and indicator is reflective. In other words, the change in X reflects the change in the latent construct Y. With reflective (or effect) measurement models, causality flows from the latent construct to the indicator.

Table 5 Data analysis activities in chronological order

<i>Analysis Strategy</i>	<i>Corresponding Activities</i>
Preliminary Analysis	Preliminary examination of the data: Missing data; outliers; normality; multi-collinearity; and non-response errors.
Exploratory Factor Analysis (EFA)	Identification of the underlying dimensions in the data and purification of the research scales using EFA and scale reliability analysis: EFA of the primary dimensions of EXQ.
Structural Equation Modelling (SEM)	The model will be assessed through SEM using AMOS (Arbuckle and Wothke 1999). Following Anderson and Gerbing (1988), a two-step approach to SEM will be used.
SEM Measurement Model Analysis	Assessment of the measurement model using confirmatory factor analysis (CFA): CFA for the primary dimensions.
SEM Reliability and Validity Measures	Assessment of reliability and validity of the measures using SEM: item reliability; scale reliability; convergent validity; discriminant validity; and predictive validity.
SEM Structural Model Analysis	Assessment of the structural model using SEM: analysis of the customer experience quality scale; analysis of the full research model and the impact of customer experience quality on marketing outcomes.

4.3 Introduction to Factor Analysis

4.3.1 *Historical Background*

In 1904, Charles Spearman conceptualised an analytical method to allow early social scientists to test their conflicting views about the definition of intelligence and how to measure intelligence (Thompson 2004). We know the method he developed today as factor analysis, building the foundation for the multiple statistical analysis methods we use today, such as exploratory and confirmatory factor analysis. The popularity of factor analysis is reflected through the use of the methods in journal articles, sometimes representing up to 27 per cent of all articles published in academic journals (Russell 2002).

4.3.2 *Purpose*

Factor analysis is used for many reasons, the three of the most popular being:

- Informing score validity

By validity we refer to the question of whether the measure actually measures what it is supposed to measure, i.e. is the construct measuring and representing the dimensions it should represent (Thompson 2003). Thus, “factor analysis is at the heart of measuring psychological constructs” (Gorsuch 1983, p. 112-113).

- Developing theory regarding the nature of constructs

In this inductive process theory is driven through empiricism. In this instant different measures are tested on various samples. The results of the factor analysis are administered

to identify the dimensions of the construct, such as in Guilford's (1967) structure of intelligence model.

- Summarising relationships as factor scores, which can be then used in subsequent analysis

In this instance, factor analysis is an intermediate step to the final analysis, not the final analysis. However, it builds a crucial foundation for consequent testing, such as regression, descriptive discriminant analysis, or analysis of variance.

4.4 Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA)

Exploratory factor analysis (EFA) and confirmatory factor analysis (CFA) are considered to be the “two discrete classes of factor analysis” (Thompson 2004, p. 5). What is now commonly known as EFA was originally introduced by Spearman (1904). In EFA the analysis of the underlying constructs and factors of a certain phenomenon are free of expectations regarding their number and their respective nature.

CFA, on the other hand, has been developed more recently. In CFA, contrary to EFA, the researcher has specific expectations, which are directly tested through analysing the model fit. The model fit expresses the researcher's expectation of the number of factors (attributes), the variables reflecting these factors (dimensions), and whether these factors are correlated. This said, it becomes clear that CFA cannot be conducted without apriori theory and or conceptualisation. Moreover, CFA analyses the underlying theory directly and enables the researcher to test the degree of fit for the model in a number of ways. Researchers using CFA start their investigation with certain theoretical expectations, but might find that their expectations were wrong, and so might need to go back to EFA procedures (Thompson 2004). This might be the case if a construct under investigation has not yet been conceptualised in an

empirical manner. Factor analysis, while being described by the literature as “one of the most powerful methods for reducing variable complexity to greater simplicity” (Kerlinger 1979, p.180), is not without its critics. For example, Cronkhite and Liska (1980) point out that factor analysis makes it easy to find semantic scales which are seemingly relevant to describe a phenomenon. Despite this criticism, which more often applies to EFA than CFA, factor analysis remains “the furthest logical development and reigning queen of the correlational methods” (Catell 1978, p.4).

4.4.1 Foundational Concepts of Factor Analysis

The aim of a factor analysis is to explore the relationships amongst measured variables, also referred to as observed variables, in order to verify whether these relationships can be expressed in a smaller number of dimensions, also known as latent constructs. To summarise these relationships I will incorporate different statistics, such as the Pearson correlation coefficient.

As a result, factor analysis will summarise attributes (observed, directly measured variables) and weight these items to obtain scores. The resulting dimensions are analysed to explore whether the relationships can be expressed as a latent variable. The (regression) weight of the scored measured variables will lead to scores on the latent variable (dimensions), allowing me to interpret what the dimension represents. As a result, these weights allow me to construe the meaning of the latent variable. The multiple regression literature refers to these weights as β (beta) weights. However, weighting the variables alone is not sufficient enough to interpret the results of the factor analysis (Thompson 2004). In addition, the structure coefficients need to be consulted. Structure coefficients explore the correlations of the measured variables with the composite, i.e. latent variables. These weights can sometimes be the correlation coefficient, but do not necessarily have to be. In the marketing literature coefficients are often referred to as

loadings. However, because of the ambiguity of the term some journals discourage the term, and subsequently I will refrain from the use the term *loadings* in my thesis.

Another important statistical value is the so-called *eigenvalue*. Eigenvalues represent the amount of information represented in multivariate outcomes. In EFA, eigenvalue provides us with the following information (Thompson 2004):

- The number of eigenvalues equals the number of measured variables being analysed.
- The sum of the eigenvalues equals the number of measured variables.
- An eigenvalue divided by the number of measured variables indicates the proportion of information in the matrix of associations being analysed that a given factor reproduces.
- The sum of the eigenvalues of the extracted factors divided by the numbers of measured variables indicates the proportion of the information in the matrix being analysed that the factors as a set reproduce.

In factor analysis, all possible factors, represented by the number of variables, are computed simultaneously. Yet, as Thompson (2004, p.22) points out, “researchers rarely, if ever, retain all possible factors, because many potential factors will be deemed trivial. So it is useful to think of the factors as if they were extracted from the matrix of associations one at a time, in sequence. And after each extraction a judgment can be made as to whether to extract additional factors”.

4.4.2 Sample Size Consideration in Exploratory Factor Analysis

Scholars agree that the accuracy of all statistical analysis, including EFA and CFA, is influenced by the sample size. However, there does not seem to be a clear consensus as to what constitutes the desired ratio of the sample size to the numbers of measured variables. While larger sample

sizes are most certainly preferable, the most common recommendation ratios are between 10 to 20 responses per variable (Thompson 2004). Nonetheless, Guadagnoli and Velicer (1988) suggest that the most critical issue is the level of factor saturation, stating that sufficiency is reached if the latent variable structure coefficient consisting of four or more measured variables is greater than [.6]. Furthermore, MacCallum, Widaman, Zhang and Hong (1999) found that even sample sizes as low as 60 can produce sufficient patterns if the communalities displayed were all .60 or greater.

4.5 Stage 2: Scale Purification through Exploratory Factor Analysis (EFA)

The scale was purified through a subsequent phase of quantitative research conducted amongst repeat purchasers: EFA. Data were collected through an online questionnaire (see Appendix K) accessible through a link sent by the bank to a sample of customers who purchased more than one mortgage from the

Stage 1 Scale Generation and Initial Purification	• Qualitative Study
Stage 2 Scale Refinement	• Scale Purification through Exploratory Factor Analysis (EFA)
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bank, with the most recent mortgage being purchased within the previous six months. Precisely when a customer purchases a product or service can be seen as relevant, and in the context of the study it was of importance that the respondents could recollect the different attributes of the entire mortgage purchasing experience. O'Neill and Palmer (2001) point out the limitations on using post-consumption survey data to link measures and behavioural intentions. The samples used in this study incorporating repeat purchasers allow a closer link to behavioural intentions to minimise this effect.

Research argues that customer decisions, especially of repeat purchasers, are guided mostly by a variety of motives, feelings, and reasons (Ehrenberg et al. 2004). The data tests the appropriateness of the 37 items for generating the above five dimensions of customer experience, and hence refines the scale. All measures of the customer experience quality emerging from the qualitative stage of the research were translated into scales. Researchers do not consider rating scales with labelled endpoints to be controversial (Biemer et al. 2004, p.46). The seven-point scales are considered the best in terms of reliability, percentage of undecided respondents, and respondents' ability to discriminate between the scale values (Cox 1980). The confusion of the neutral choice was nullified by giving a "don't know" or/and a "no-response" (not available) response alternative on each item (Raaijmakers et al. 2000).

Hence, the scales were measured using seven-point Likert-type scale anchored by ‘Strongly disagree’ and ‘Strongly agree’ with a ‘Do not know’ option. A ‘Not applicable’ option has been added to items requiring this feature, e.g. if the respondent was asked to determine the likelihood of a purchase he had already made.

The corresponding survey generated 75 qualified responses, which were subsequently analysed by means of the software packages SPSS 16.0 and AMOS 16.0.

Research indicates that the hedonic and utilitarian components of attitudes may be related (e.g., Osgood, Suci and Tannenbaum 1957). As a result, dimensions of customer experience may not be independent. As a matter of fact, many other multidimensional constructs, including consumer perceived value (Sweeney and Soutar 2001), retail service quality (Dabholkar, Thorpe and Rentz 1996) and health service quality (Dagger et al. 2007), have been found to have separate but correlated dimensions. Consequently, I allow the experience dimensions developed in my thesis to be interrelated.

The preliminary preparation of the data was conducted as follows:

Data preparation – the returned surveys were checked for errors and coded for future reference; the data was coded into SPSS for electronic storage and statistical analysis, and checked for errors, which subsequently were corrected, using frequency distribution and descriptive statistics.

Missing data – I examined the data sets for variables with more than 10 per cent missing data (Malhotra 2004). The degree of randomness present in the missing data was examined through frequency and descriptive statistics and by conducting a missing values randomness test, based on the constructs of customer satisfaction and behavioural intentions, as suggested by Tabachnick

and Fidell (2001). Missing values for a variable were replaced with the mean value of that variable, based on all valid responses (Hair et al. 1998).

Univariate outliers were detected by inspecting the frequency tables of each measurement variable, while multivariate outliers were detected by computing Mahalanobis d^2 distance (Hair et al. 1998; Tabachnick and Fidell 2001).

Univariate normality was assessed using the Kolmogorov-Smirnov and Shapiro-Wilk tests of distribution normality, comparing the scores in the data to a normally distributed set of scores with the same mean and standard deviation (Field 2000). To assess skewness and kurtosis in the data I used a z test (Tabachnick and Fidell 2001). According to this test, z values exceeding the critical value of ± 1.96 ($p < 0.05$) indicate violations of normality (Hair et al. 1998). Mardias coefficient (> 1.96) and standardised residuals (± 2.58 , $p < 0.05$) were examined to assess the distribution of the data at the multivariate level.

Multicollinearity was assessed using the stepwise procedure of multiple regression analysis (Hair et al. 1998). The tolerance and variable inflation factor (VIF) was examined as indicators of multicollinearity. The independent variables in the research model were assessed against associated dependent variables⁴.

⁴ A dependent variable is what is measured in the experiment and what is affected during the experiment. The dependent variable responds to the independent variable. It is called dependent because it "depends" on the independent variable. In a scientific experiment, you cannot have a dependent variable without an independent variable.

Prior to conducting the exploratory factor analysis for the resulting data, four tests were conducted to assess the suitability of the data for factor analysis. The Bartlett Test of Sphericity tested the overall significance of the correlation matrix and the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy established the suitability of the data for factor analysis (Tabachnick and Fidell 2001; Hair et al. 1998). The correlation matrix was examined to ensure that inter-item correlations were substantial (>0.30) and the anti-image matrix will be assessed for low values (Hair et al. 1998). The Catell screen plot was also used as a diagnostic indicator for factor extraction. As the factors are expected to be correlated, I obliquely rotated the factors using the direct oblim procedure (Hair et al. 1998; Polit 1996). The results of the factor analysis were assessed in conjunction with the results of the scale reliability analysis using Cronbach's Alpha and item-to-total correlations. In the analysis process 18 items were eliminated due to high cross-loadings, insufficient values on the anti-image matrix and their item-to-total correlation. The remaining data pass the threshold for sampling adequacy: KMO MSA .779 passes Bartlett's test of sphericity significance with .000, displays a substantial inter-item correlation with the highest being .251 and generates acceptable values on the anti-image matrix. The screen plot suggests a factoring of 19 items in four dimensions, explaining 79 per cent of all variances. A Cronbach Alpha factor of .724 and the fact that each of the remaining items of the scale EXQ displays an item-total correlation of at least .735, support the validity and reliability of the scale (see Appendix L).

The purpose of the exploratory factor analysis is to summarise the data into a minimum number of factors for prediction purposes. I acknowledge that customer experience has been widely discussed at a generic level (e.g., providing a good customer experience), particularly in the practitioner literature, and can easily be confused with customer satisfaction (e.g. meeting customers' needs). However, these constructs are distinct. While customer experience occurs at various stages of the purchase process, including the pre-purchase stage (Voss 2007), satisfaction is universally agreed to be a post-purchase and post-use evaluation (e.g. Hunt 1977; Oliver 1981). Consequently, customer experience perceptions can be generated without the product or service being bought or used, while satisfaction depends on experience of having used the product or service. In addition, satisfaction has been conceptualised as a unidimensional construct

(Westbrook and Oliver 1991), i.e. therefore, outcome or summary variable in comparison to the customer experience as a multidimensional construct.

The resulting purified scale (see Figure 10) developed posits customer experience quality as comprising four primary dimensions, with 19 corresponding items developed to operationalise each of these dimensions.

Figure 10 Dimensions customer experience quality scale EXQ

Dimensions Customer Experience Quality EXQ (POMP)			
<i>PRODUCT EXPERIENCE</i> (PRO)	<i>OUTCOME FOCUS</i> (OUT)	<i>MOMENTS-OF-TRUTH</i> (MOM)	<i>PEACE-OF-MIND (PEA)</i>
PRO1 Freedom of Choice	OUT1 Inertia	MOM1 Flexibility	PEA1 Expertise – Peace of Mind
PRO2 Comparison Necessity	OUT2 Result Focus	MOM2 Pro-activity	PEA2 Process Ease
PRO3 Cross-product Comparison	OUT3 Past Experience Influence	MOM3 Risk Perception	PEA3 Relationship versus Transaction
PRO4 Account Management	OUT4 Common Grounding	MOM4 Interpersonal Skills	PEA4 Convenience Retention
		MOM5 Service Recovery	PEA5 Familiarity
			PEA6 Independent Advice

4.5.1 Findings Purification Stage

After purification, 19 items in four dimensions remained, namely:

1. *Peace-o- mind* – The dimension *peace-of-mind* describes the customer’s assessment of all the interactions with the service provider before, during and after securing a mortgage. This dimension includes statements strongly associated with the emotional aspects of service (e.g. Liljander and Strandvik 1997; Edvardsson 2005) and takes many items from the qualitatively generated dimension of Provider Experience.

2. *Moments-of-truth* – This dimension is characterised by service recovery and flexibility, and also represents some items formerly associated with the dimension of Provider Experience.

3. *Outcome focus* - is associated with reducing customers’ transaction cost, such as seeking out and qualifying new providers.

4. *Product experience* – The emphasis of this dimension is the importance of customers’ perception of having choices and the ability to compare offerings. It also comprises attributes assigned to the *product experience* dimension from the qualitative research.

Interestingly, most of the items in the qualitatively generated dimension of *Lifetime costs* proved to be statistically irrelevant. This indicates that what is described as “the total costs of searching, applying, securing and paying for the mortgage” is not significantly related to the quality of customer experience. The costs associated with searching for a mortgage, however, are now captured by the dimension *outcome Focus*. The outcomes of the service encounter, described by

the literature as the technical quality of the service, are reflected in the attributes PEA4 convenience retention, and OUT1 inertia.

4.6 Stage 3: Reliability and Validity Assessment of Measure

Next, I conducted confirmatory factor analysis to further assess the factor structure of the EXQ scale. To perform the analysis I collected an additional sample. Data were collected through an online questionnaire accessible through a link sent by the bank to a sample of repeat purchase customers who

Stage 1 Scale Generation and Initial Purification	• Qualitative Study
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purchased their most recent mortgage within the previous six months. The corresponding online link was available for two weeks after the invitations to participate were sent, and 218 qualified responses were collected. Respondents rated their customer experience on each scale item using a 7-point scale (1 = *Strongly disagree*, 7 = *Strongly agree*) with a Do not know/Not applicable option alternative on each item. The items below are grouped by dimensions for expositional convenience; they appeared in random order on the survey. The symbols preceding the items correspond to the variables names in Figure 10.

Peace-of-mind

PEA1 I am confident in their expertise; they know what they are doing.

PEA2 The whole process was so easy, they took care of everything.

PEA3 It is not just about the now; this company will look after me for a long time.

PEA4 I am already a customer; they know me and take good care of me, so why should I go somewhere else?

PEA5 I have dealt with them before so getting a mortgage was really easy.

PEA6 I choose them because they give independent advice.

Moments-of-truth

MOM1 It was important that the company was flexible in dealing with me and looking out for my needs.

MOM2 It is important that they keep me up-to-date and inform me about new options.

MOM3 I want to deal with a safe company, because a mortgage is a lot of money.

MOM4 It is important that the people I am dealing with are good people; they listen, are polite and make me feel comfortable.

MOM5 The way they deal(t) with me when things go (went) wrong will decide if I stay with them.

Outcome focus

OUT1 Yes, there are other companies, but I would rather stay with mine, it makes the process much easier.

OUT2 It was more important to get the mortgage than to shop around for a better rate.

OUT3 I stay with my company because I am not confident using an alternative provider.

OUT4 It was important that the advisor had a mortgage too; he/she knew what I was going through.

Product experience

PRO1 I want to choose between different options to make certain I get the best offer.

PRO2 It is important to me to receive mortgage offers from different companies.

PRO3 Unless I can compare different options I will not know which one is the best for me.

PRO4 It would be great if I could deal with one designated contact through the entire process of getting my mortgage.

Scales from existing scale development studies were examined to determine the best choice for measurements of customer satisfaction, loyalty and word-of-mouth intentions. All of the measures below use a 7-point Likert-type scale, which is advocated as the most reliable and precise measure for measures such as the one used in this study (Brady and Cronin 2001). Following Walsh and Beatty's (2007) recommendation, customer satisfaction was measured using the scale of Maxham and Netemeyer (2002). A three-item measure of the intention to

display loyalty behaviour was adopted, as suggested by Arnold and Reynolds (2003). The customers' willingness to participate in word-of-mouth behaviour was assessed through Maxham and Netemeyer's (2002) scale (see Appendix M).

The satisfaction measures consisted of three rating items; respondents indicated their satisfaction on each scale item using a 7-point scale (1 = *Strongly disagree*, 7 = *Strongly agree*) with a Do not know/Not applicable option alternative on each item.

SAT1 I am satisfied with the service my mortgage service provider provides to me.

SAT2 I am satisfied with my overall experience with my mortgage service provider.

SAT3 As a whole, I am not satisfied with my mortgage service provider (reversed score item).

The loyalty measures consisted of three behavioural items; respondents indicated their behaviour on each scale item using a 7-point scale (1 = *Strongly disagree*, 7 = *Strongly agree*) with a Do not know/Not applicable option alternative on each item.

LOY1 I am a loyal customer of my mortgage service provider.

LOY2 I have developed a good relationship with my mortgage service provider.

LOY3 I am loyal to my mortgage service provider.

The word-of-mouth measures consisted of three items; respondents indicated their likelihood in engaging in each behaviour on each scale item using a 7-point scale (1 = *Strongly disagree*, 7 = *Strongly agree*) with a Do not know/Not applicable option alternative on each item.

WOM1 I am likely to say good things about my mortgage service provider.

WOM2 I would recommend my mortgage service provider to my friends and relatives.

WOM3 If my friends were looking for a new company of this type, I would tell them to try my mortgage service provider.

Prior to data analysis a preliminary preparation of the data was conducted as outlined in Chapter 4.5. In order to verify the factor structure and dimensionality of the refined scale, researchers need to collect a sufficient number of responses. According to Hair et al. (1998) the sample size needed to conduct confirmatory factor analysis is around five observations per scale item. Thus, the sample size for the validation stage of the study of 218 qualified responses exceeds the requirements to achieve a high level of statistical power.

Table 6 contains descriptive profiles of the exploratory and confirmatory stage. The samples are analogous and a χ^2 exposed that the samples do not differ in terms of the key demographic variables of age and gender. However, I want to highlight the fact that the samples differ in the educational background of the responses, and that household income data was not available.

Table 6 Profile of the two samples

Variable	Exploratory Study	Confirmatory Study
<i>Age in Years</i>	Percentage	Percentage
18-25	2.20	3.10
26-35	36.00	34.40
36-45	29.30	28.10
46-55	20.90	20.00
56-64	11.60	10.60
65 +	NA ^a	3.80
<i>Sex</i>		
Male	64.00	60.20
Female	46.00	39.80
<i>Level of Education</i>		
A Level	10.70	16.40
Bachelor Degree	28.40	35.90
Master Degree	12.80	12.40
O Level GCSE	19.10	14.40
PhD or equivalent	7.80	1.30
Vocational Degree	10.60	8.50
Other	10.60	11.10

^a NA = not available.

In order to investigate and confirm that all items of the dimensions of EXQ truly represent the corresponding latent construct I incorporate a partial disaggregation approach (Bagozzi and Heatherton 1994; Dabholkar, Thorpe and Rentz 1996; Sweeney, Soutar and Johnson 1999); this approach is widely used in scale development studies (Dagger et al. 2007). The partial disaggregation approach is a compromise between an aggregate approach, in which all items are summed to form a single composite indicator of a construct, and a disaggregate approach, in which each item is treated as an individual indicator of the relevant factor (Bagozzi and Heatherton 1994; Bagozzi and Foxall 1996; Sweeney, Soutar and Johnson 1999). The advantage of this approach is that it overcomes the difficulties inherent in a disaggregate model by reducing random error and producing more stable estimates, while maintaining the multiple indicator approach to structural equation modelling (Bagozzi and Heatherton 1994; Dabholkar, Thorpe and Rentz 1996; Sweeney, Soutar and Johnson 1999; Garvner and Mentzner 1999). The composite items applied to the partial disaggregation approach adopted in my research will be operationalised according to the guidelines set forth in the literature (e.g., Bagozzi and Heatherton 1994; Dabholkar, Thorpe and Rentz 1996; Garvner and Mentzner 1999; Sweeney, Soutar and Johnson 1999). On this basis, items reflecting a particular construct will be grouped at random to form a composite indicator. The assignment of items to composites was arbitrary as all items reflecting a latent construct are assumed to similarly represent that construct (Sweeney, Soutar and Johnson 1999).

The fit of the measurement and structural models examined was assessed through multiple indices, as recommended by Hoyle and Panter (1995). Measures of incremental fit were used as indicators of acceptable model fit. In particular, the type-2 incremental fit index (IFI) and type-3 comparative fit index (CFI), and root mean square error of approximation (RMSEA) were selected⁵. The recommended threshold of >0.90 was adopted as indicative of adequate model fit for these indices (i.e., IFI, CFI). The accepted level for the root mean-square error of approximation (RMSEA) measure will be <0.10, with lower values indicating better model fit (Hair et al. 1998, p.772). Thus, EXQ's RMSEA score of .05 demonstrates an excellent model fit. The scale statistics (see Table 7) indicate the robustness of the EXQ model (Hoyle and Panter

⁵ Type-2 incremental fit index (IFI) and type-3 comparative fit index (CFI) were selected based on their robustness to sample size variations (Hoyle and Panter 1995).

1995; Garvner and Mentzner 1999) on the basis of the fit criteria established in prior service quality research (e.g. Parasuraman et al. 2005).

Table 7 Reliability and validity of the customer experience quality scale EXQ

<i>Measurement Model</i>	<i>Construct Reliability</i>				<i>Average Variance Extracted</i>	
	<i>Confirmatory (n=218)</i>				<i>Confirmatory (n=218)</i>	
Satisfaction	0.70				0.77	
Loyalty intentions	0.94				0.84	
Word-of-mouth intentions	0.96				0.90	
EXQ dimensions						
<i>Peace-of-mind</i>	0.80				0.83	
<i>Moments-of-truth</i>	0.81				0.75	
<i>Outcome focus</i>	0.75				0.71	
<i>Product experience</i>	0.80				0,79	
Goodness-of-fit indices	CMIN	df	CFI	IFI	RMSEA	
Confirmatory sample	711	392	.91	.91	.05	

The psychometric properties of the scale were evaluated through a comprehensive CFA. All items were tested in the same model and were restricted to load on their respective factors. The

results are a sign of high levels of construct reliability and average variance extracted for all latent variables. All t values were significant and the average variances extracted were greater than 0.50, thus convergent validity was established. Using Fornell's and Larcker's (1981)⁶ stringent criteria, measuring the internal consistency of a scale and its ability to measure a latent construct, I established construct reliability with estimates exceeding 0.50 (see Table 8). In case of an exception I successfully applied the χ^2 test for discriminant validity (Anderson and Gerbing 1988).

⁶ Scale reliability was assessed using Fornell and Larcker's (1981) construct reliability formula: $CREL = (\sum \lambda)^2 / [(\sum \lambda)^2 + \sum (1 - \lambda_j^2)]$. This formula measures the internal consistency of a scale and its ability to measure a latent construct. According to this approach, construct reliability estimates exceeding 0.50 are indicative of acceptable scale reliability (Fornell and Larcker 1981).

Table 8 Construct reliability analysis

Dimension	Item	Construct Reliability Score
<i>Peace-of-mind</i> (Composite Reliability.69)	PEA1	.833
	PEA2	.678
	PEA3	.631
	PEA4	.422
	PEA5	.548
	PEA6	.358
<i>Moments-of-truth (.71)</i>	MOM1	.669
	MOM2	.652
	MOM3	.568
	MOM4	.522
	MOM5	.484
<i>Outcome focus (.61)</i>	OUT1	.477
	OUT2	.518
	OUT3	.695
	OUT4	.455
<i>Product experience (.66)</i>	PRO1	.744
	PRO2	.744
	PRO3	.841
	PRO4	.500
Customer Satisfaction (.70)	SAT1	.97
	SAT2	.97
	SAT3	-.67 ^a
Loyalty (.90)	LOY1	.91
	LOY2	.91
	LOY3	.93
Word-of-mouth (.95)	WOM1	.94
	WOM2	.97
	WOM3	.94

^aReversed Score Item

After establishing the strength and psychometric properties of the scales underpinning the model I examined the structure of the customer experience quality model. I modelled customer experience quality as suggested by the literature as a formative⁷ construct in which the dimensions of the model drive customer experience quality perceptions (e.g. Parasuraman et al. 2005). It is noteworthy, though, that these scale items are specified as reflective based on the decision criteria of Jarvis, Mackenzie, and Podsakoff (2003). The confirmatory factor analysis (CFA) results reported are for first-order factor models specifying the scale items as reflective indicators of their corresponding latent constructs and allowing the latent constructs to intercorrelate. Whether to specify scale items as reflective or formative indicators of latent constructs is an important and challenging issue (Diamantopoulos and Winklhofer 2001; Jarvis, Mackenzie, and Podsakoff 2003). My decision to use the reflective-indicator specification for the dimension-level latent constructs is consistent with several key criteria recommended by Jarvis, Mackenzie, and Podsakoff (2003) for choosing that specification over the formative-indicator specification: the relative homogeneity, and hence interchangeability of scale items within each dimension, the high degree of covariation among items within each dimension, and the expectation that indicators within each dimension (e.g., interpersonal skills) are likely to be affected by the same antecedents (e.g., branch) and have similar consequences (e.g., increase or decrease in satisfaction). In addition I conducted second-order CFAs in which the dimensions of EXQ (e.g., *product experience*) were modelled as reflective indicators of a second-order overall customer experience quality (EXQ) construct. The CFA analysis and model fit statistics were analogous to those reported in this study.

⁷ However, not all latent constructs are entities that are measurable with a battery of positively correlated items (e.g. Edwards and Bagozzi 2000). A less common, but equally plausible approach is to combine a number of indicators to form a construct without any assumptions as to the patterns of intercorrelation between these items. A formative or causal index (e.g., Blalock 1964) results where causality flows in the opposite direction, from the indicator to the construct. Although the reflective view dominates the psychological and management sciences, the formative view is common in economics and sociology. The distinction between formative and reflective measures is important because proper specification of a measurement model is necessary to assign meaningful relationships in the structural model (Anderson and Gerbing 1988). Theoretical work in construct validity (e.g., Blalock 1982) and structural equation modelling (Baumgartner and Homburg 1996) enhances our understanding, however, considerable debate still exists regarding the procedures a working researcher should follow to achieve construct validity (e.g., Diamantopoulos 2005).

Table 9 Structural parameter analysis*Standard Path Estimates^a*

	Customer Satisfaction	Loyalty	Word-of-mouth
<i>Peace-of-mind</i>	.90	.72	.40
<i>Moments-of-truth</i>	.04	.13	.09
<i>Outcome focus</i>	.09	.20	.20
<i>Product experience</i>	.10	.09	.04

^at values were significant on the base of one-tailed test

As can be seen in Table 9, the examination of the structural parameters indicates that *peace-of-mind* has the highest impact on customer satisfaction ($\beta = .90$), loyalty ($\beta = .72$), and word-of-mouth intentions ($\beta = .40$). *Outcome focus* also has an important effect on loyalty ($\beta = .20$), and word-of-mouth ($\beta = .20$), although to a lesser extent. The dimension *moments-of-truth* has a positive impact on loyalty ($\beta = .13$) and a medium association with word-of-mouth ($\beta = .09$). However, it did not have a significant association with customer satisfaction ($\beta = .04$). The dimension *product experience* displays the second highest association of all constructs with customer satisfaction ($\beta = .10$), medium association to loyalty ($\beta = .09$), but low effect on word-of-mouth.

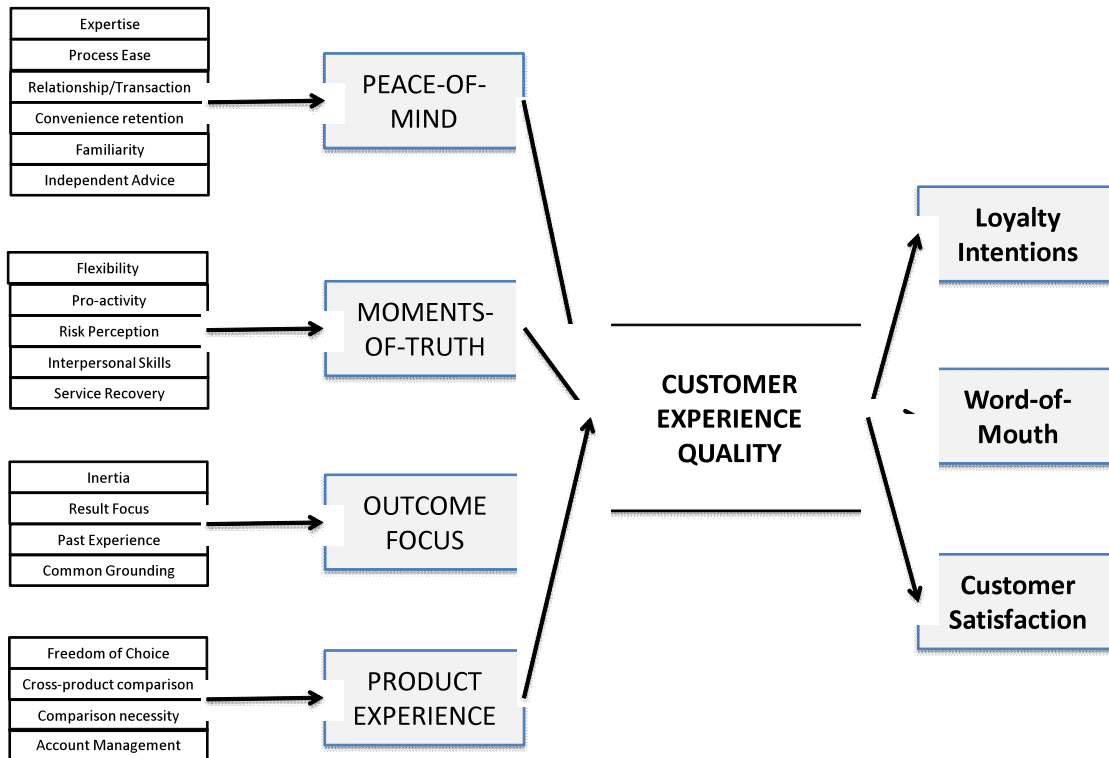
4.7 Stage 4: Conceptual Framework; Additional Assessment (SEM) Connection to Outcomes

Considering the above findings, my conceptualisation of customer experience and the resulting reliable and valid scale of customer experience quality EXQ, I offer the following definition of customer experience quality (see Figure 11):

Stage 1 Scale Generation and Initial Purification	• Qualitative Study
Stage 2 Scale Refinement	• Scale Purification through Exploratory Factor Analysis (EFA)
Stage 3 Scale Validation Part I	• Reliability and Validity Assessment of Measure
Stage 4 Scale Validation Part II	• <i>Conceptual Framework, Additional Assessment (SEM) connection to outcomes</i>

Customer experience quality is the customer's assessment of all the attributes of their dealings with a service provider that explains their assessment of their purchase behaviour. Its dimensions are product experience, outcome focus, moments-of-truth, and peace-of-mind (POMP).

Figure 11 Full conceptual model customer experience quality construct⁸

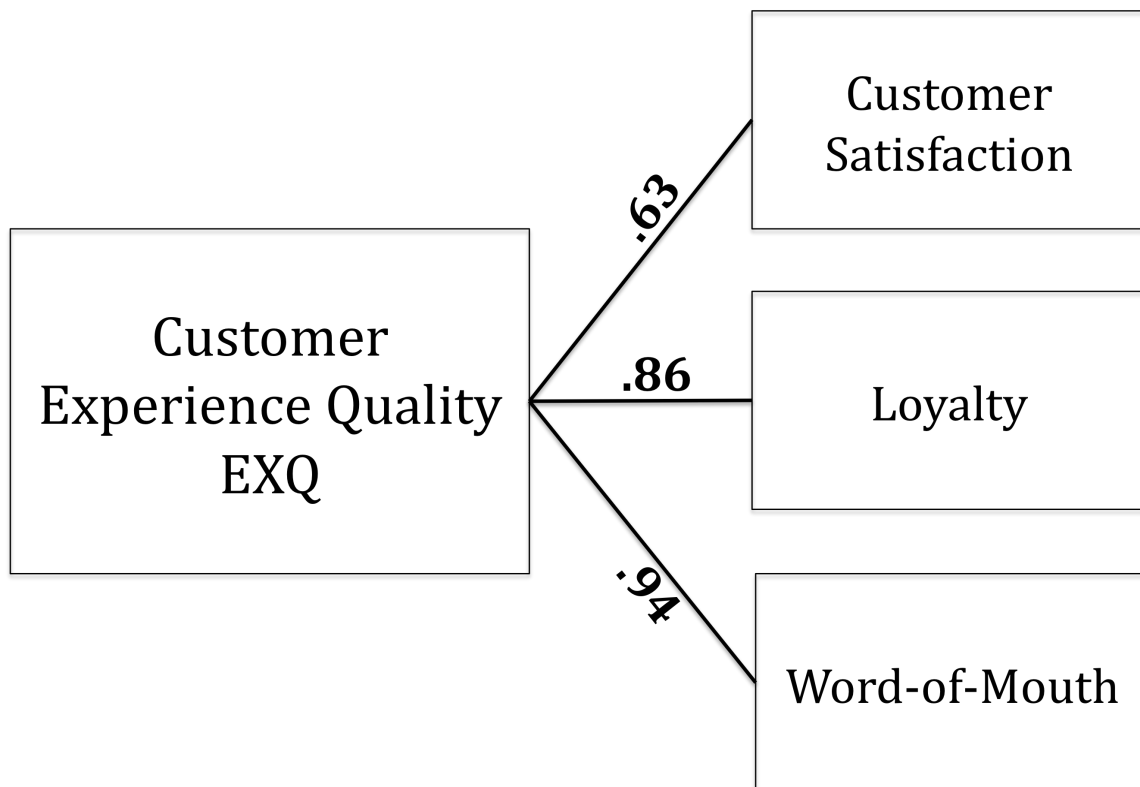


In the following section I examine the salience of my EXQ scale in explaining variances, and predicting important customer experience outcomes, namely customer satisfaction, loyalty intentions, and word-of-mouth intentions. I chose these outcomes based on their weight of research, suggesting their outcomes as outcomes of service quality and customer experience (e.g. Cronin and Taylor 1992; Mascarenhas et al. 2006). All corresponding measures are shown in Chapter 4.6 and use a 7-point Likert-type scale, as recommended by the literature (Brady and Cronin 2001).

⁸ Data analysis programmes display latent variables generally as circles, but for presentation purposes Figure 11 and Figure 12 are using rectangular shapes instead.

One of the major challenges in creating a valid and reliable marketing scale is to establish a relationship between the scale and the important marketing outcomes. The squared multiple correlations (see Figure 12) for the behavioural loyalty intentions construct were .86. The analysis of the squared multiple correlations of EXQ indicate that almost two thirds of the variance in customer satisfaction is explained by customer experience quality. In addition EXQ explains .94 of all variances in positive word-of-mouth intentions.

Figure 12 SEM analysis to examine EXQ's nomological validity



The numbers refer to the explanatory power of EXQ, e.g. EXQ explains 94 per cent of all variations of the marketing outcome Word-of-mouth

5.0 DISCUSSION

5.1 Introduction

This chapter explores the findings of the thesis and situates them within the context of a multi-disciplinary literature domain. Its objective is to draw out the meanings and relationships that exist within, and between, the findings presented in the previous chapter. It will consider how such findings fit within the existing body of knowledge and specifically, whether they are consistent with, or represent a challenge to, current conceptions of such activity. Crucially, it will reflect on how the findings of the thesis address the pivotal research opportunity (see Chapter 2), namely, to develop and validate a multiple-item scale (EXQ) for assessing customer experience quality.

The chapter addresses how the thesis addresses the research opportunity, drawing upon the contributions of Chapters 2, 3 and 4, through discussion of five interrelated themes: customer experience quality as the new construct for service quality; customer experience quality in comparison to SERVQUAL; an empirical construct of customer experience and its measurement EXQ; EXQ and its relationship to customer satisfaction, repurchasing behaviour, loyalty and word-of-mouth. It then considers the relationship between the themes and concludes with a summary of the implications of the thesis for theory and practice.

Chapter 1 Introduction

- Outlining research rationale, context, objectives, methodology, findings and contributions.

Chapter 2 Review of the Literature

- Reviewing, appraising, and synthesizing relevant literature domains. Discussion of research opportunity, objectives and introduction of research title.

Chapter 3 Research Philosophy and Methodology

- Rationale for study. Data collection, methods and analysis.

Chapter 4 Scale Development

- Stage 1 Qualitative Study
- Stage 2 Scale Purification through Exploratory Factor Analysis (EFA)
- Stage 3: Reliability and Validity Assessment of Measure
- Stage 4: Conceptual Framework, Additional Assessment (SEM) connection to outcomes

Chapter 5 Discussion

- Discussion of findings

Chapter 6 Contributions

- Presentations of contributions to knowledge and practice. Discussion of study limitations and opportunities for future research. Personal reflections.

5.2 Customer Experience Quality Scale

This thesis develops a four dimensional conceptualisation of customer experience quality and the corresponding items for each dimension by the means of a scale development process. The resulting scale EXQ is assessed through validity and reliability analysis of two scale data collections, assuring the sufficient conceptualisation of customer experience through the scale. The nomological validity of the scale is established by linking the scale dimensions and the overall scale to important marketing outcomes.

The findings suggest that customers base their perceptions of customer experience quality on four dimensions: *product experience*, *outcome focus*, *moments-of-truth*, and *peace-of-mind* (POMP). The findings suggest that customers evaluate customer experience quality at an overall level, a dimensional level, and at attribute level and that each level drives perception on the level above.

The findings improve our understanding of how customers evaluate customer experience quality by linking their evaluation to important marketing outcomes, namely customer satisfaction, repeat purchasing behaviour, loyalty and word-of-mouth intentions.

EXQ and its empirically derived construct of customer experience offer a stimulus and foundation to advance service marketing, in particular to customer and customer experience research, by delivering a measure capable of capturing all facets of the construct of customer experience (Verhoef et al. 2009). Moreover, this scale measures the impact of the distinctive drivers of customer experience on each of the components of the customer experience (Verhoef et al. 2009).

The attributes generated from my research support the assertions of previous researchers who identify additional components of service quality that should be captured by its new conceptualisation, customer experience quality.

5.2.1 Customer Experience Quality as the New Construct for Service Quality?

Marketing literature suggests that high-quality service is the antecedent of customer purchasing and re-purchasing behaviour in service industries. As outlined in Chapter 2 there is a growing voice in the academic community, not only questioning the appropriateness of existing conceptualisation of service quality and its measurements (e.g., Edvardsson 2005), but calling for a new construct and corresponding measurement based on the customer experience (e.g. Schembri 2006). This view is supported by research suggesting customer experience as the key determinant of consumers' service quality evaluation (e.g., Berry et al. 2006).

Some of the key building blocks in this new construct of service quality are specified as: conceptualising service quality as an attitude (e.g., Edvardsson 2000; Bolton and Drew 1991); acknowledging the relevance of emotions (e.g., McDougall and Levesque 2000); inclusion of experiential factors (e.g., de Ruyter et al. 2001); and inclusion of the technical (the outcome, the what) aspects of the service encounter (e.g., Seiders et al. 2005).

Researchers suggest that service quality may be most appropriately conceptualised as a formative construct (e.g. Parasuraman, Zeithaml, and Malhotra 2005). According to the formative approach, the dimensions of the construct give rise to or cause the overall construct, whereas in the reflective approach, the dimensions are seen as reflective indicators of their higher order construct (Jarvis, MacKenzie, and Podsakoff 2003). This thesis argues that it does not make sense to suggest that, for example, high levels of interpersonal service quality are the result of high overall service quality perceptions, as implied by the traditional, reflective approach to modeling service quality and its dimensions, but rather that as interpersonal service quality increases, overall service quality perceptions increase.

The findings of the thesis, based on a recommended development and validation process, address the existing criticism of scholars and proposes a new construct of service quality: customer experience quality. The empirically validated construct of customer experience quality captures

the full richness of service encounters and extends the existing conceptualisation of service quality (Mascarenhas et al. 2006).

If customers base their service quality evaluation on their customer experience, one could expect that their evaluation of the customer experience will lead to similar outcomes, as suggested by the service marketing literature, such as increase in customer satisfaction, loyalty and positive word-of-mouth (Anderson et al. 1994; Verhoef et al. 2002; Dagger et al. 2007; Kamakura et al. 2002). The findings of the thesis suggests that this is indeed the case, delivering further evidence for the construct of customer experience quality.

In order to measure the impact of this new construct of service quality, customer experience quality, a corresponding measurement needed to be developed. In the following section I discuss this new measurement, EXQ, in comparison with the most popular measurement of service quality, SERVQUAL.

5.2.2 Customer Experience Quality in Comparison to SERVQUAL

The empirically developed measurement of customer experience quality EXQ addresses the need for: (a) a measurement of customer experience quality by capturing all facets of the construct; and (b) investigating the impact of the overall customer experience quality and its dimensions *product experience*, *outcome focus*, *moments-of-truth*, and *peace-of-mind* (POMP) to important marketing outcomes, namely: customer satisfaction, repeat purchasing behaviour, loyalty and word-of-mouth intentions.

The most popular measurement of the existing construct of service quality is SERVQUAL. In the following paragraphs the thesis findings will highlight and discuss the differences between the two measurements of SERVQUAL and EXQ (see Table 10):

Both measurements try to capture the evaluation of customers' service encounters and their influence on important marketing outcomes. However, as pointed out earlier, the construct of service quality and customer experience quality, while based on the same aim, differ on a number of levels, which is reflected in their measurements SERVQUAL and EXQ. SERVQUAL is based on a confirmation-disconfirmation paradigm, which states that customers evaluate their service encounters by a comparison of expectations and perceptions (Parasuraman et al. 1988). In order to understand the customers' decision processes driven by the customer experience, EXQ adapted the means-end-chain theory. Thus, EXQ follows the suggestion of researchers (Cronin and Taylor 1992) to conceptualise service quality as an attitude rather than a gap-model, as suggested by SERVQUAL.

Researchers suggest that service quality may be most appropriately conceptualised as a formative construct, such as EXQ (e.g. Parasuraman, Zeithaml, and Malhotra 2005), rather than in a reflective way like SERVQUAL. While both measures are empirically developed and validated, the dimensions of SERVQUAL and EXQ differ in various aspects. EXQ, as recommended by

marketing scholars, unlike SERVQUAL, reflects emotional factors of the service encounters, the outcome of the service encounter, and the influence of former service encounters, former customer experiences in the customers' evaluation.

SERVQUAL is founded on the belief that satisfaction is the foundation of retention, i.e. purchasing and repurchasing behaviour and service quality is the antecedent of satisfaction (Anderson et al. 1994). However, these relationships remain unproven (Buttle 1996; Keaveney, 1995; Reichheld, 1993). Mittal and Kamakura report that consumers reporting strong purchase intent often fail to act upon it, suggesting that SERVQUAL's focus on repurchase intentions alone, ignoring the key relationship between intention and actual behaviour, is problematic (Bolton 1998; Kamakura et al., 2002; Mittal et al. 2001). Most of the research concerned with the correlation of service quality and repurchase focuses on the repurchase intention versus the actual repurchase behaviour, which could lead to significant inaccuracies if there are measurable differences between intention and actual behaviour (Bolton, 1998; Mittal and Kamakura 2001; Kamakura et al. 2002), or if the estimates of the association between self-reported satisfaction and intentions is inflated through the common method variance (Morwitz and Schmittlein 1992; Bolton 1998; Gruen, Summers, and Acito 2000). Furthermore, as Mittal and Kamakura (2001) point out, satisfaction levels between customers reporting a positive intent can differ significantly from customers acting upon this intent. Seiders et al. (2005) explain these variations with a framework that describes why two customers with the same, or different, satisfaction level engage in the same, or different repurchasing behaviour in a retail context. Furthermore, according to Chandon, Moritz and Reinartz (2005), the validity of repurchase intentions varies significantly from the type of purchase, ranging from convenience goods to infrequently purchased durables. EXQ bases its empirical validation on the stated repurchasing behaviour of two independent samples. Thus, the findings indicate that EXQ can be seen as better indicator for repurchasing behaviour than SERVQUAL. The EXQ scale also validates the connection with other important marketing outcomes, therefore suggesting a more solid correlation between the customer's evaluation of service encounters and its impact on outcome variables, namely: customer satisfaction, loyalty and word-of-mouth intentions.

Table 10 Comparison EXQ and SERVQUAL

Comparison EXQ and SERVQUAL		
Scale	EXQ	SERVQUAL
Construct	Customer Experience Quality Evaluation	Service Quality Evaluation
Building Framework	Means-End-Chain Theory	Confirmation-Disconfirmation Theory
Measurement based on	Attitudes Formative	Gap model Reflective
Dimensions	Peace-of-Mind Moments-of-Truth Result Focus Product Experience	Tangibles Reliability Responsiveness Assurance Empathy
Number of items	19	22
Exploratory investigation of construct	Yes	Yes
Empirically validated scale	Yes	Yes
Measuring behavioural intentions	Yes	No
Measuring repurchasing behaviour	Yes	No
Temporal aspect	Evaluation of pre, during, and post service encounter	Evaluation of service encounter, including, according to authors former encounters
Inclusion of emotional aspects in customers' evaluation	Yes	No
Inclusion of outcome of service encounter as driver for customers' evaluation	Yes	No
Inclusion of the role of brand in the customers' evaluation	Yes (qualitative stage)	No

5.2.3 An Empirical Construct of Customer Experience and its Measurement EXQ

The thesis describes the development and validation of the construct of customer experience quality and the corresponding scale EXQ. In the following section, the thesis will compare the customer experience construct with existing research, conceptualisations and models of customer experience from the service marketing literature.

Despite existing conceptualisations of the customer experience, Verhoef et al. (2009, p. 32), reviewing existing literature on customer experience, suggests that “the scarcity of systematic scholarly research on the customer experience construct...calls for a theory-based conceptual framework” for customer experience. My thesis delivers a theory-based, but also empirically developed and validated construct of customer experience. The empirical and exploratory nature of the thesis also highlights the differences between customer experience quality and existing constructs of customer experience (see Table 12).

Comparing the dimensions of the customer experience, as defined by the construct of customer experience quality in this thesis, with other constructs the findings indicate that the *holistic* and *total* nature of customer experience was confirmed in the qualitative part of this thesis, generating an initial pool of items representing the construct. In the quantitative stage, however, some of these dimensions could not be confirmed as part of the construct. In particular the findings could not support the following three of the eight dimensions of the Verhoef et al. (2009) model: social environment, retail atmosphere, and retail brand. The relevance of the dimensions lifestyle and sensorial from the Gentile et al. (2007) model could also not be supported. One could speculate that the context of this thesis differs significantly from the retail setting, which is the foundation of Gentile et al.’s (2007) and Verhoef et al.’s (2009) construct.

The thesis generates support for previous conceptual papers that suggest that while customer experience is broadly based (e.g. Shembri 2006; Berry et al. 2006), it is not as broad as suggested by some (e.g. Verhoef et al. 2009; Gentile et al. 2007; Meyer and Schwager 2007). The findings indicate that certain parts of what has been suggested as being part of the customer experience, such as social interactions (Bagozzi 2000), brand image (Brodie 2009), and price (Baker et al. 2002) are missing. This suggests that it is not sufficient to suggest that the customer experience is *total*, and further research is needed to understand and define the composite of the customer experience dimensions in each context.

The literature states that in order to advance customer experience research to this stage, we should focus on a richer conceptualisation and corresponding scale to measure customer experience in more detail (Verhoef et al. 2009). According to this definition the findings of my thesis indicate that the customer experience quality construct and EXQ scale have the potential to advance customer experience research.

Table 12 Comparison of customer experience conceptual models

Comparison of customer experience conceptual model				
Model	<i>EXQ (Klaus 2010)</i>	<i>Customer Experience Creation (Verhoef et al. 2009)</i>	<i>Customer Experience (Gentile, Spiller and Noci 2007)</i>	<i>Customer Experience (Meyer and Schwager 2007)</i>
Dimensions	Peace-of-mind Moments-of-truth Result focus Product experience	Social Environment Service Interface Retail Atmosphere Assortment Price Customer experiences in alternative channels Retail brand	Sensorial Emotional Cognitive Pragmatic Lifestyle Relational	Not available
Methodology	Empiricism, scale development	Literature Review	Empiricism, factor analysis	Case study based on customer survey (anecdotal)
Exploratory research conducted to define construct	Yes	No	No	No
Establishing link with important marketing outcomes empirically	Yes	No	Yes	No
Outcomes empirically linked to construct	Repurchasing behaviour Customer satisfaction Stated loyalty Positive word-of-mouth intentions	Not available	Customer commitment Customer involvement	Not available

5.2.4 EXQ and its Relationship to Customer Satisfaction, Repeat Purchasing Behaviour, Loyalty and Word-of-Mouth Intentions

The findings of the thesis suggest that customer experience quality is an important determinant of customer satisfaction, repeat purchasing behaviour, loyalty and word-of-mouth intentions, subsequently accentuating the importance of customer experience quality as a decision-making variable.

First, I would like to describe the importance of the individual dimensions of customer experience quality in relation to important marketing outcomes (see Table 9):

The dimension *peace-of-mind* had the strongest correlation of all EXQ dimensions, with the outcome variables customer satisfaction (0.90), loyalty (0.72), and word-of-mouth (0.40). This dimension is highly relevant because of its close link to direct interactions and the resulting customer experiences with the service company. Based on their own first-hand experiences with the service company, customers have the ability to evaluate not only their offerings, but also the experiences connected with this interactions. The findings of the thesis connect the customers' evaluation of these experiences directly with their repurchasing behaviour and their assessment of other important outcome variables.

The dimension *moments-of-truth* displays a positive impact on loyalty (0.13) and a medium association with word-of-mouth (0.09). However, the dimension has no significant association with customer satisfaction (0.04). It seems that customers do appreciate that the service company is taking care of them in case of a mishap, translating into favourable loyalty and word-of-mouth intentions. One could argue that the dimensions *moments-of-truth* and *peace-of-mind* should have similar links to outcomes due to the fact that they both are based on personal first-hand experiences with the service company. In addition, the literature states that satisfaction with the process of problem resolution will be more important than initial service attributes in influencing

overall satisfaction and those intentions (e.g, Bitner et al. 1990). My findings cannot support this notion due to the significantly higher influence of initial service attributes, represented by the dimension *peace-of-mind* (0.90), on the overall customer satisfaction in comparison with *moments-of-truth* (0.04). The thesis could also not confirm research stating that word-of-mouth is closely related to the items represented in the dimension *moments-of-truth* because problem resolution can be a major positive or negative force in retaining customers, as well as creating future ones (Reichheld and Sasser 1990; Swanson and Kelley 2001).

Outcome focus also has an important effect on loyalty (0.20), and word-of-mouth (0.20), although to a lesser extent than *peace-of-mind*. *Outcome focus* also demonstrates a medium association with customer satisfaction (0.09). These correlations suggest the importance of past experiences with the service company in forming positive behavioural intentions. *Outcome focus*, by acknowledging the link between former experiences and customers' evaluation of service encounters, demonstrates the expansion of a new construct of service quality based on the customer experience.

The dimension *product experience* displays the second highest association of all constructs with customer satisfaction (0.10), a medium association to loyalty (0.09), but only a low effect on word-of-mouth (0.04). The relatively weak association with word-of-mouth suggests that this dimension is important for the interactions and future relationship with the service company. However, it is less relevant in the customers' intentions to display the satisfaction towards others by recommending the firm to potential customers. One could suggest that the influence of *product experience* is of a more private nature, influencing only the customer's personal behaviour and intentions.

The findings suggest that EXQ and the dimensions representing EXQ: *product experience*, *outcome focus*, *moments-of-truth*, and *peace-of-mind* (POMP), are key determinants of repurchasing behaviour, customer satisfaction, loyalty and word-of-mouth intentions. *Peace-of-mind* and *outcome focus* have the most significant correlation of all dimensions to the important

variables loyalty and word-of-mouth intentions, highlighting the importance of direct service encounters, before, during, and after the purchase, for the customers' evaluation of the customer experience and the important variables.

After discussing the impact of individual dimensions of customer experience quality, the following paragraphs describe the importance of the overall customer experience quality in relation to important marketing outcomes.

The assessment of the overall customer experience, as measured by the scale EXQ, reflects the evaluation of customers who recently repurchased a mortgage with a financial service provider in correlation to important outcome variables. The findings advocate that the repurchasing customers evaluate their experience in relation to the outcome variables customer satisfaction, loyalty and word-of-mouth behavioural intentions. The strong association between customer experience quality and behavioural intentions is noteworthy because satisfaction is generally viewed as more closely aligned with behavioural intentions (e.g. Cronin and Taylor 1992).

The customers' evaluation of their purchasing and repurchasing experiences, conceptualised by EXQ, explains 86 per cent of their stated loyalty and 94 per cent of their intentions to engage in positive word-of-mouth behaviour. However, at the same time the customers' evaluation explains only 63 per cent of customer satisfaction. This could be a sign of customer experience being a stronger indicator of behavioural intentions than customer satisfaction in the context of my thesis, challenging the causal chain of research relating (e.g. Boulding et al. 1993), and to purchasing behaviour and financial results (Anderson, Fornell, and Lehmann 1994).

As stated earlier, the thesis develops a new empirical construct of service quality constituted in the customer experience. Traditionally, customer satisfaction is modelled as a mediator between the service quality and behavioural intentions relationship (e.g. Cronin and Taylor 1992). Research points out that service quality, too, has a mediating role between service attributes and behavioural intentions, stating that service quality attributes are more strongly related to the

overall service quality than to behavioural intentions (e.g. Dagger et al. 2007). Based on significantly stronger relationships between customer experience quality and behavioural intentions than between customer satisfaction and behavioural intentions, the thesis suggests a more direct link between customer experience quality and behavioural intentions. Thus, while there is a body of literature indicating the notion of customer satisfaction as a mediator between service quality and behavioural intentions (e.g. Seiders et al. 2005), this thesis advocates that customer experience quality could be an even better predictor of behavioural intentions.

Repeat purchase behaviour is a key issue for marketing and marketers (Spreng et al. 1995). Repeat purchasing by current customers is designed to maintain existing customers by decreasing customer exit. The costs of gaining a new customer usually exceed the cost of retaining a customer. Thus minimising customer defections and increasing repeat purchasing is a key objective for companies. Research has consistently established a relationship between satisfactions and repurchase intentions (e.g. Yi 1990), considering increased repurchasing intentions as an important consequence of high customer satisfaction (Spreng et al. 1995). The findings in this thesis suggest that customer experience quality might be an even more useful construct to explore repurchase intentions and repurchase behaviour. The findings also confirm other studies which suggest that customer satisfaction can be seen as a poor predictor of repeat buying behaviour (Koenig-Lewis and Palmer 2008), due to the failure, contrary to customer experience quality, to insufficiently encompass the emotional aspects of the service encounter.

It has been widely accepted that loyalty is an “essential asset” in service industries (e.g. Keaveney 1995; Bloemer and Ruyter 1998). Gounaris and Stathakopoulos (2004) believe that there are primarily two different perspectives of loyalty: attitudinal and behavioural. The attitudinal approach posits that loyalty is based on psychological commitment, purchase intention, and word-of-mouth recommendations. It is expected that an increase in attitudinal loyalty should lead to an increase in behavioural loyalty (e.g. Gounaris and Stathakopoulos 2004). The behavioural approach conceptualises loyalty in terms of repeat purchases (e.g. Huddleston et al. 2004).

In addition to exploring loyalty as an outcome variable of behavioural intentions, the data collected by the thesis, based on repeat purchases, allows another contribution. The thesis adopts the approach of Dick and Basu (1994), suggesting that in order to define loyalty a favourable attitude and repeat purchase are required. By viewing loyalty as an attitude-behaviour model, the thesis will adapt this theoretical framework (Dick and Basu 1994) to explore the correlation between customer experience quality and loyalty. While earlier research suggests limited value of this combined attitude-behaviour approach (East et al. 2005), a more recent study advocates the advantages of measuring both attitudinal and behavioural data based on the combined approach (Bandyopadhyay and Martell 2007). Based on this framework the findings indicate that customer experience quality is not only a key determinant of loyalty behavioural intentions, but also of loyalty as defined by Dick and Basu (1994).

Word-of-mouth has been acknowledged as an important post-purchase behaviour for numerous reasons (Day 1980). Word-of-mouth communication provides face-to-face, often explicit information that is highly credible. This information can influence others' beliefs about a company and their offerings, subsequently their intentions to purchase from the company and offering in question. There is also evidence that consumers give negative information and non-marketer controlled sources of information greater weight in their purchase decisions (Lutz, 1975). Satisfaction and dissatisfaction has been established as an antecedent to word-of-mouth behaviour (Yi 1990). In respect of the thesis, given the long repurchase cycles in the context of mortgages, firms are generally more concerned with word-of-mouth, highlighting the importance of this outcome variable (Spreng et al. 1995).

Positive word-of-mouth is "weighed heavily in the buyer behaviour stages leading up to a decision to buy a financial service" (File and Prince 1992, p. 29), and this thesis quantifies these findings by relating repurchasing behaviour to word-of-mouth through the construct of customer experience quality. Thus, the results suggest that customer experience quality is not only strongly correlated to word-of-mouth behavioural intentions, but also delivers a more direct link than other antecedents, such as customer satisfaction.

In review of the findings above, customer experience quality can be confidently suggested as an important determinant of customer satisfaction, repeat purchasing behaviour, loyalty and word-of-mouth intentions. The findings propose the high impact of the overall customer experience quality and its dimensions on the important marketing outcomes. In addition, the results indicate that EXQ links the customers' evaluation of the service to outcomes better than customer satisfaction, which is traditionally seen as a key antecedent of behaviour and behavioural intentions.

5.2.5 Implications for Theory

Delivering quality service is considered an essential strategy for the success of today's service companies (e.g., Zeithaml et al. 1990). The focus of marketing literature evolved in different stages; from determining what service quality meant to customers, to developing strategies meeting the customer's needs, to understanding the impact of service quality on companies' financial outcomes (Zeithaml et al. 1996). The literature concludes that the connection between service quality, its suggested impact on customers' behavioural intentions and behaviour, and profits is neither straightforward nor simple (Zeithaml et al. 1996). This lack of consensus led service marketing scholars to scrutinise the existing construct and measures of service quality, and as a result, to ask for a new construct of service quality and its corresponding measurement (e.g. Gronross 2001). This new measure could help to advance service marketing by further developing our understanding of how customers evaluate their service encounters and the impact this evaluation has on the customers' behavioural intentions, behaviour, and subsequently on the financial performance of service companies (e.g. Al-Hawari et al. 2009). This connection, as mentioned earlier, is not of an uncomplicated nature.

Scholars suggest that the new construct of service quality should be grounded in the customer experience (e.g. Seiders et al. 2005; Lee and Lin 2005). According to Verhoef et al. (2009) there is a lack of theoretically derived conceptualisations of the customer experience construct. Verhoef et al. (2009) advocate that an empirically validated construct of customer experience and its corresponding measure is needed in order to advance customer experience (and service marketing) research.

My thesis describes the development and validation of a multiple-item customer experience scale and the construct of customer experience quality, and thus the delivery of a new and empirically validated construct of service quality. This construct of customer experience quality not only delivers a new conceptualisation of service quality, but also confirms the impact of the customer's service encounter evaluation on important marketing outcomes, namely customer

satisfaction, repeat purchasing behaviour, loyalty and word-of-mouth intentions. The findings suggest that customer experience quality has higher explanatory power than customer satisfaction in explaining repurchasing behaviour, loyalty, and word-of-mouth intentions. Traditionally, customer satisfaction is modelled as an outcome of service quality, and is an antecedent to consumers' behavioural intentions and behaviour. Thus, the findings of my thesis indicate that customer experience quality could not only be a more advanced construct of consumers' evaluations of their service encounters, but could also establish a clearer link to consumer behaviour and behavioural intentions than the suggested outcomes of service quality customer satisfaction. One could even imply that customer experience quality has the ability to draw a more direct link between evaluations of service quality, as constituted in the customer experience, and financial outcomes of service organisations, such as profits.

The fact that the EXQ scale developed in this thesis is conceptualised as a multidimensional construct of customer experience quality has benefits on the conceptual level. The scale allows researchers to study customer experience quality at different levels of the construct, namely (a) on an overall level, (b) on a dimensional level, and (c) on an attribute level. By considering the individual dimensions of customer experience quality, researchers are able to explore how the different dimensions and their corresponding attributes influence the overall customer experience quality evaluation. By reflecting on the overall impact of customer experience on important outcomes, as well as the impact of the individual dimensions, researchers are able to explore the individual drivers of the customers' evaluation towards the quality of their customer experience.

The approach to scale development utilised in this thesis satisfies calls in the literature for how researchers should conceptualise customer experience and advance service marketing measures (Gilmore and McMullan 2009). The scale is developed by finding the underlying attributes which respondents claim explain their purchasing behaviour of mortgages. The underlying concept is grounded in loyal customers' judgements of the attributes of their experiences which led to a purchase. Following Verhoef et al.'s (2009) approach, and taking a dynamic view arguing that prior customer experiences will influence future experiences, I suggest that my research could be seen as a crucial tool to link the customer experience with future repurchasing behaviour,

addressing the need for a measure capable of delivering adaptive foresight (Zeithaml et al. 2006). Schembri and Sandberg (2002) support this implication with their research. They affirm that customer experience addresses the flaws of dominant service quality theories successfully by understanding the services constituted in the customer experience (Schembri 2006; Lusch et al. 2007), and are hence able to predict customer behaviour through its emphasis on the magnitude of all direct and indirect encounters between consumer and the company (Berry et al. 2002; Prahalad and Ramaswamy 2004).

5.2.6 Implications for Practice

The findings imply that customer experience managers should be concerned with improving the quality of the experiences they provide across the four dimensions of customer experience quality: *product experience*; *outcome focus*; *moments-of-truth*; and *peace-of-mind* (POMP). These dimensions are key determinants of customer satisfaction, repeat purchasing behaviour, loyalty and word-of-mouth intentions. *Peace-of-mind* and *outcome focus* are the most critical facets of customer experience quality. Of the four EXQ dimensions, *peace-of-mind* has the strongest influence, not only on customer satisfaction, but also more importantly on loyalty and word-of-mouth intentions. This emphasises the need for service companies to pay extra attention to customer experience attributes represented by the dimensions *peace-of-mind* and *outcome focus*. It is worth mentioning that the attributes refer not only to the importance of every customer experience prior to the purchase, but, as highlighted in the attributes of the dimension *outcome focus*, to experiences after the purchase. *Moments-of-truth* and the attributes constituting the dimension are also an essential contributor to loyalty and word-of-mouth intentions, indicating that service companies should be sensitive to the potential outcomes of these, most service-recovery driven customer experiences. *Product experience* is the least critical of the EXQ dimensions, but still has an influence on customer satisfaction and loyalty intentions.

Based on the four dimensions, abbreviated as POMP, the thesis suggests that managers could manage customer experience on these four pillars of customer experience due to their crucial influence on their customers' behaviour and behavioural intentions. The corresponding customer experience management strategy will communicate the importance of the experiences have by focusing on the **p**roduct, its **o**utcome, and the **m**oments of truth delivering **p**eace of mind to the customers (POMP).

Due to the nature of customer experience, which is dependant not only on front-line employees, but on all areas that contribute to the customer experience, a measurement of customer experience quality can only be practical, operational and reliable, if the results are owned and

accepted by all business functions (Reichheld 2003) to raise awareness that they are all responsible for delivering the experiences desired by their customers. Subsequently, due to the importance of customer experience quality for the organisation, the implementation of such a strategy must be initiated and coordinated by the general manager of the business, rather than a single function, such as marketing (Reichheld 2003).

EXQ allows financial services managers to monitor dimensions and attributes of the customer experience that link to customers' assessment of why they repurchased. Thus, EXQ allows managers to understand how their customers evaluate different dimensions and attributes of their customer experience by linking them to their repurchasing behaviour or other important marketing outcomes. After all, a company must first understand the triggers of this behaviour and its importance to the outcomes in order to improve its customer experience. This establishes a closer link to revenue than is evident through the use of customer satisfaction data, as the latter relies on a longer, contestable causal chain. Linking investments in customer experience more closely to revenue, i.e. being more accountable for marketing spending, is widely demanded in the literature (Rust et al. 2004; Reinartz et al. 2004; Zeithaml et al. 2006; Klaus and Maklan 2007; Verhoef et al. 2009).

Because of its importance as a key determinant of repurchasing behaviour, stated loyalty and positive word-of-mouth intentions, managers should consider customer experience as an important strategic objective. The thesis establishes clear associations between customer experience quality and important marketing outcomes. This supports the view that an understanding of the customer experience is important for a service company's strategic marketing objectives and effective interactions with different customers. The construct developed by my thesis provides a way for managers to ensure positive behavioural intentions from their customers. Based on the attributes and dimensions of customer experience quality the findings of this thesis are expected to be of particular relevance to other high involvement, high contact services such as financial and other professional services.

However, the findings confirm that there are aspects of the customer experience that are beyond the direct control of managers (e.g. customers' past experience, other advice given to customers). Managing the customer experience is therefore different from managing customer service, as traditionally defined by SERVQUAL.

As O'Neill et al. (2002, p. 357-358) point out, "managers should be aware of the limitations on using post-consumption survey data and should seek to understand more clearly the link between these measures and longer term behavioural intention. It only seems logical, therefore, that practitioners should develop and operationalise some mechanism by which they can track consumer perceptions over time," advocating the use of more quantitative measures of service quality. EXQ could be used to track these intentions in a longitudinal fashion, thus not only overcoming the limitations of post-consumption survey data, but also to determine whether the importance of customer experience attributes and dimensions change over time, for example with more experienced customers (O'Neill and Palmer 2003).

6.0 CONTRIBUTIONS

Scholarly research is expected to make a significant and original contribution to knowledge in the selected field. In order to make such a contribution, doctoral research should “work at the boundaries of knowledge, and [should be] characterised by a contribution to the conceptual or theoretical development of a research discipline.” (Finn 2005, p.14).

It is important, at this stage, to evaluate both the contribution to knowledge and the originality of the contribution represented by this study (Oliver, 2004).

This thesis describes the development and validation of the customer experience quality construct and its corresponding scale EXQ. This chapter introduces

how the study has contributed to existing knowledge in the areas of theory and practice based on the key findings of the research. The limitations of the research are then described and suggestions for further research outlined. The chapter concludes with a personal postscript that describes further thoughts and reflections related to the research.

Chapter 1 Introduction

- Outlining research rationale, context, objectives, methodology, findings and contributions.

Chapter 2 Review of the Literature

- Reviewing, appraising, and synthesizing relevant literature domains. Discussion of research opportunity, objectives and introduction of research title.

Chapter 3 Research Philosophy and Methodology

- Rationale for study. Data collection, methods and analysis.

Chapter 4 Scale Development

- Stage 1 Qualitative Study
- Stage 2 Scale Purification through Exploratory Factor Analysis (EFA)
- Stage 3: Reliability and Validity Assessment of Measure
- Stage 4: Conceptual Framework, Additional Assessment (SEM) connection to outcomes

Chapter 5 Discussion

- Discussion of findings

Chapter 6 Contributions

- **Presentations of contributions to knowledge and practice. Discussion of study limitations and opportunities for future research. Personal reflections.**

6.1 Contributions to Theory

Due to the nature of a scale development study, the contributions are connected to the findings discussed in Chapter 5. The following will therefore provide an overview of the contributions referring to the corresponding findings.

Because the development of a reliable and valid construct is a fundamental goal of scientific endeavor, the customer experience quality scale put forward in this study makes an important contribution to theory and practice (Verhoef et al. 2009).

I believe that it is an important step to provide the service marketing field with a customer experience quality scale from the customer's point-of-view. My primary contribution to theory lies in developing and testing a customer experience quality scale EXQ that captures the view of customers who have interacted with, and purchased from a service firm on multiple occasions.

My thesis provides conceptual and empirical evidence for (a) the theoretical construct of customer experience quality, (b) a measurement of customer experience quality based on the theoretical concept, and (c) the importance of the construct and its dimensions for key marketing outcomes, namely customer satisfaction, repeat purchasing behaviour, loyalty and word-of-mouth intentions.

The thesis demonstrates that customer experience quality is related to existing constructs of customer experience and service quality, due to its constructs being grounded in the customers' evaluation of service encounters and the behavioural and intentional consequences, but is distinct from them in a number of aspects. In comparison to the existing conceptualisations of service quality, customer experience quality represents a more detailed, deeper understanding of the customers' evaluation of service encounters incorporating suggestions of the literature regarding

“missing pieces and shortcomings” of the current conceptualisation of service quality, such as experiential factors (Edvardsson et al. 2007; Seiders et al. 2005; Lee and Lin 2005), inclusion of the functional and technical features of service delivery (Sureschander et al. 2001), modelling service quality as an attitude rather than a gap model (Brady et al. 2002), and the inclusion of emotions in the service evaluation (Chui 2002). In comparison with existing constructs, customer experience quality, while acknowledging the more holistic nature of service evaluation on an exploratory level, quantifies that this broad conceptualisation is not very efficient in advancing either customer experience research and customer experience management.

My thesis puts forward a contribution to the advancement of service marketing by delivering a sought-after and validated construct of service evaluation grounded in the customer experience. This construct, and the resulting scale EXQ, ought to advance customer experience research by measuring the customer experience in full detail and evaluating the customer experience quality drivers on the overall experience and resulting consumer behaviour and behavioural intentions.

Despite the criticism of existing measurements of service quality, the assessment of customers’ evaluation of service encounters related to important outcome variables retains a central role in service marketing. The thesis contributes to advancing marketing research by providing a scale of customer experience quality that demonstrates the ability of the new construct to explain consumer behaviour and behavioural intentions.

By delivering evidence of customer experience quality not only being a valid new construct of customers’ service evaluations, but also a critical link to behaviour and behavioural intentions, the thesis is questioning the helpfulness of the dominant service quality causal chain in explaining consumer behaviour. This notion posits service quality as a key determinant of customer satisfaction, customer satisfaction as an antecedent of behavioural intentions and behaviour, and subsequently financial performance of service companies. Perhaps the construct of customer experience quality by substantiating a more direct link to consumer behavioural and behavioural intentions will stimulate a discussion and subsequent research of this proposition.

6.2 Contributions to Practice

In addition to the implications for practice, as outlined in Chapter 5.2.7, stating the impact that the findings of the thesis could have on customer experience management, I want to state that, although developed in the context of mortgages services, this instrument may be of interest to a wide range of services providing other high-involved, high-impact services.

The customer experience quality scale EXQ developed in this study can be used to monitor and improve the quality of experiences delivered to customers. The findings of the study provide managers with valuable insights into the dimensions that reflect customers' experience quality perceptions. By connecting the customer's evaluation of the service in a more direct way than traditional key marketing scales, such as service quality and customer satisfaction, EXQ will not only establish a more direct link between companies' marketing efforts and their customers' behaviour and behavioural intentions, but might perhaps even increase the understanding of the link between these action and the financial performance of the company.

This knowledge can subsequently be used to improve and manage the customers' experience and the quality of that experience. This is of importance because of the impact that the customer experience quality has on the customer's behavioural intentions and behaviour. I hope that the scale will stimulate and facilitate additional research on customer experience, EXQ, and also assists managers in systematically assessing and improving their customers' experience.

6.3 Limitations and Directions for Future Research

As with any research, there are limitations to this study. Some of these limitations relate to the more general aspects of qualitative analysis, but some are specific to the subject of the study. The most important of these relate to research context, and sampling.

The context of my research, while chosen based on the suggestions of the literature, has limitations in terms of the generalisability of the findings, as has any context-specific study. Thus, findings indicating the role of customer experience quality and corresponding strategies need to be evaluated not only in other contexts, but also in a longitudinal fashion.

The samples of this thesis, while allowing me to investigate the behaviour and behavioural intentions of repeat purchasers of one particular company, has limitations purely by the fact that these samples interacted with the same service provider, albeit in different locations throughout the United Kingdom.

Due to time resource restrictions from the research partner with regard to the data collection I had to make choices on what questions would be included in the survey to ensure that the data would be made available to me. Ideally, I would like to incorporate additional demographic data, such as relationship length and household income, and further marketing outcomes, such as share-of-wallet in the future. Moreover, it would be advantageous to incorporate, in addition to statements of behavioural intentions, behavioural data, such as data on word-of-mouth and loyalty behaviour.

My thesis focuses upon a particular service setting and in one country. Whilst it seems reasonable to suggest that these findings will extend to similar service settings, this needs to be researched empirically. The relationship between the mortgage provider and its customers exists in a highly contractual, regulated and utilitarian service setting. Replications in other financial service environments, such as private banking or financial planning would further increase the confidence in the research model. Other researchers may wish to investigate more hedonic consumption services and other non-contractual services, such as entertainment and leisure

travel. This study cannot assess cultural differences in consumers' assessment of customer experience. Cross-industry, cross-sectional and cross-national data would provide more confidence in dimensions we present and ultimately could be used to build industry-specific benchmarking tools.

It would also be interesting to see how the EXQ dimensions are relevant for non-customers. I do not believe that the goal of service marketing research is to focus firms exclusively on serving their existing customers; it seems intuitively obvious that all firms need a balance of customer acquisition and development.

It would be desirable to assess EXQ scale's discriminate validity versus related scales such as SERVQUAL. The literature indicates that evaluations of service encounters will change over time, thus I propose that EXQ should be used in longitudinal studies in order to explore whether the importance of customer experience quality attributes and dimensions in the customers' evaluation of the experience changes over time. Lastly, prior research suggests that customer experience affects business performance and future research should determine whether EXQ and its dimensions explain important marketing outcomes such as market share, share of wallet and ultimately profitability.

6.4 Personal Reflections

It has been more than three years since I started my PhD process. Knowing that this process will shortly come to a close triggers mixed emotions in me. While on the one hand I am delighted that I will have an opportunity to advance my research and career to the next level I cannot help but acknowledge that the dynamics of the PhD process of constant curiosity, exploration, investigation and exposure will end shortly. The last few years have been a delight, and never could I have envisioned that academia could be as fulfilling as it has turned out to be. To leave the corporate world and pursue an academic career has not been an easy decision, but courtesy of the guidance of my friend Malcolm Kirkup, my former MBA programme director at the time, I had the confidence that this decision would be the right one. And indeed it was. While friends could never quite grasp why I choose not only this career, but this lifestyle change, I never doubted, or ever regretted my decision. After all, my PhD allowed me to communicate with academic and business communities sharing the same aims throughout the world. The transition from the business to the academic environment was challenging at times, but thanks to the sheer never-ending patience of my supervisor, Dr. Stan Maklan, I believe that I succeeded. Despite numerous challenges, my colleagues not only allowed and supported my ambitions, but also welcomed the passion I have for academia and my research. Before entering academia I did not believe that I would ever find an environment that challenges me on all different levels, while at the same time being incredibly supportive and inspirational. The only other environment that fits this description is associated with my love for extreme sports. Arguably, academia should be less harmful and I am very much looking forward to enjoying and enriching this environment with my humble skills in the future.

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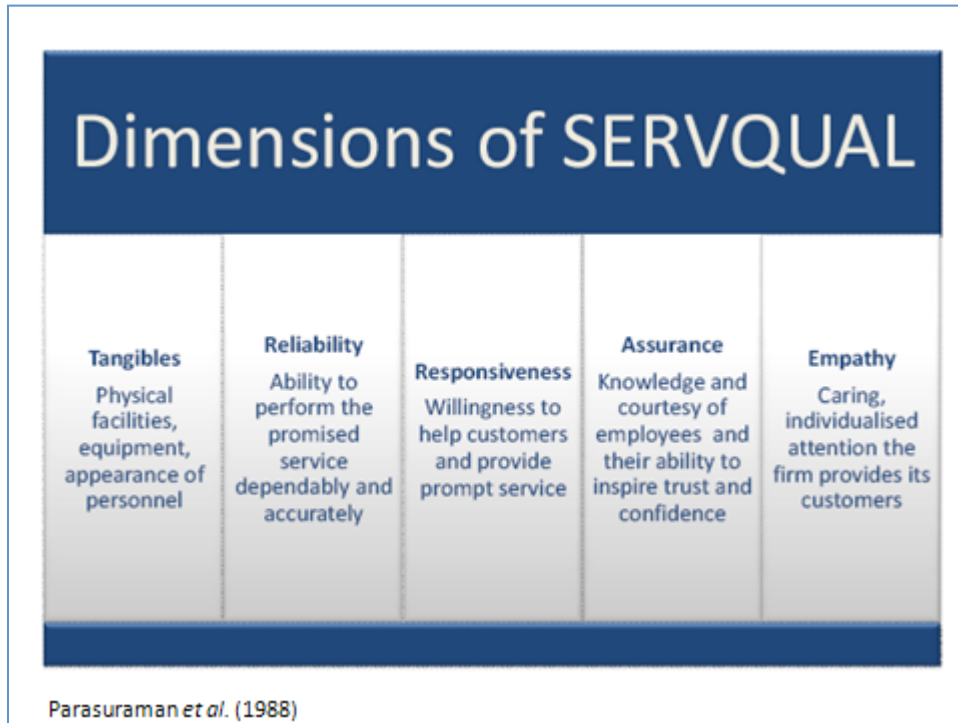
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8.0 APPENDICES

Appendix A Dimensions of SERVQUAL



Appendix C Key Criticisms of SERVQUAL

Areas of Criticism (categories defined by meta review from Morrison Coulthard, 2004)	Reference:	Key Message
Conceptual basis of the model – paradigm objections	Oliver (1980) Cronin and Taylor (1992, 1994) Andersson (1992)	→ Perceived quality is an attitude, hence the use of expectation-disconfirmation model as the basis for SERVQUAL is not appropriate because it does not measure what the consumer perceives as service quality → Failure to use economic, statistical and psychological theory to inform the development of SERVQUAL
Process orientation – exclusion of critical service quality aspects	Mangold and Babakus (1991) Richard and Allaway (1993) Sureschander et al. (2001) Brady et al. (2002) Liljander and Strandvik (1997) Chui (2002)	→ Focus on only the functional aspect of the service-delivery process does not deliver for accurate evaluations of service quality. Measuring functional (the process, ‘how’) and technical (the outcome ‘what’) aspects together accounts for more variation in choice behaviour → SERVQUAL, by focusing on its components excludes other crucial aspects of service quality, such as the outcomes of service quality → SERVQUAL fails to capture other components, such as emotions, that may have a greater impact on the evaluation of service quality
Dimensionality – contextualised and not universal	Carman (1990) Finn and Lamb (1991) Saleh and Ryan (1991) Babakus and Boller (1992) Headley and Miller (1993) Vandamme and Leunis (1993) Smith (1995) Brady et al. (2002)	→ Numerous studies have failed to identify The underlying dimensions reported by Parasuraman et al. (1988), even finding a larger number of dimensions; furthermore the scales five factors cannot be confirmed by research
Methodology – failure to measure service quality	Carman (1990) Bouman and van der Wiele	→ Despite the revision of the original SERVQUAL

Areas of Criticism (categories defined by meta review from Morrison Coulthard, 2004)	Reference:	Key Message
	(1992) Brown et al. (1993) Iacobucci <i>et al.</i> (1994) Bolton and Drew (1991) Cronin and Taylor (1992) Boulding et al. (1993) McAlexander et al. (1994) Hahm et al. (1997) Avkiran (1999) Brady et al. (2002) Lam and Woo (1997)	(Parasuraman et al. 1991) the use of the often as ambiguous described expectation statement and its usefulness of the evaluation of service quality are still questionable. Practical difficulties such as boredom and confusion in respondents may jeopardise the data quality → It is more appropriate to ask respondents about standards than expectations and to include financial factors; SERVQUAL is too simple to provide a general understanding of customer evaluation or to be useful in empirical prediction → The disconfirmation paradigm used by SERVQUAL as the basis for the assessment of service quality is questionable, and numerous studies has been demonstrated that performance-only measures are superior to SERVQUAL → SERVQUAL's performance items are subject to instability even in a one-week test-retest interval, hence doubtful in the usefulness to measure service quality
Psychometric problems	Brown et al. (1993) Peter et al. (1993) Edwards (1995) Smith (1995) Buttle (1996)	→ Studies looking at SERVQUAL's interpretation of service quality in terms of different scores provide strong evidence that psychometric problems do occur with SERVQUAL scores, with obvious implications regarding the validity and reliability of SERVQUAL, raising the question of what the scale is measuring
Gap scores	Carman (1990)	→ There is little evidence that

Areas of Criticism (categories defined by meta review from Morrison Coulthard, 2004)	Reference:	Key Message
	Smith (1995) Van Dyke et al. (1997, 1999)	customer assess service quality in the terms of the gap model. In addition SERVQUAL's gap scores, averaging the scores across dimensions cannot be justified due the instability of the dimension structure, instead each item has to be treated individually and not as a component of an <i>a priori</i> dimension
Problems with Likert Scales	Carman (1990) Babakus and Mangold (1991) Lewis (1993) Smith (1995) Preston and Colman (1997) Krosnick et al. (2002)	→ Likert scales in combination with the use of gap scores has a significant potential for the misinterpretation of responses; they are missing options to increase the validity of the data, and through the possible selection of a mid-point to record a neutral or DK response may therefore not reflect the respondent's actual expectations or perceptions. The SERVQUAL scales have no verbal scales, making them object to bias, and despite the presence of superior question formats, SERVQUAL fails to use them, hence missing an opportunity to improve the likelihood of eliciting accurate and valid responses
Order Effects	Tourangeau and Rasinski (1988) Cronin and Taylor (1992) Caruana et al. (2000) Brady et al. (2002)	→ The rating of expectations influences the ratings of perceptions used in SERVQUAL, creating a priming effect, but, more importantly, the measure of expectations contributes little to the measure of service quality

Appendix D Journals Selected for the Literature Review

JCR Journal of Consumer Research
JMR Journal of Marketing Research
JM Journal of Marketing
ACR Advances in Consumer Research
JAR Journal of Advertising Research
MKS Marketing Science
JR Journal of Retailing
JPPM Journal of Public Policy and Marketing
JA Journal of Advertising
HBR Harvard Business Review
JAMS Journal of the Academy of Marketing Science
IMM Industrial Marketing Management
JR Journal of Retailing
JIBS Journal of International Business Studies
JBR Journal of Business Research
JSR Journal of Service Research
MNS Management Science
EJM European Journal of Marketing
SMR Sloan Management Review
MSQ Managing Service Quality
CMR California Management Review
JPIM Journal of Product Innovation Management

Appendix D Key Literature Customer Experience

Author/date	Nature of Study	Key Contribution	Limitation
2.3.2.1 Economic contributors			
Parson (1934)	Conceptual paper	Individual consumer value systems drive customer choices of experiences	No empiricism, economist perspective nor grounded in consumer behaviour theory
Keynes (1936)	Conceptual paper	The notion of the consumer choice driven by experiences rather than products and product features, i.e. the product as a mean to an end	No empiricism, purely extending the neo-classic economic paradigm in a conceptual manner
Abbott (1955)	PhD Thesis	Consumers' product evaluation is not driven by products, but for experiences. He also links satisfaction to the consumers' product choice.	No empiricism, the focus is still on products and the choice of products rather than services and purely experiential-driven offerings
Alderson (1957)	Conceptual paper	Extends the utilitarian economic theory by laying the foundation for hedonic consumption through the introduction of 'hedonomics'	Conceptual in nature, still places marketing as a subdivision of neoclassical economics and doesn't link hedonomics to customer outcomes
Boyd and Levy (1963)	Conceptual paper	Translates customer experience into a managerial framework catered to the organisation as a need-fulfilling entity of consumer needs	Conceptual in nature, and focuses on the interaction with consumers via products, not services

Author/date	Nature of Study	Key Contribution	Limitation
2.3.2.2 Consumer Behaviour Theory (CAB)			
Fishbein and Ajzen (1975) Sheppard, Hartyick and Warshaw (1988)	Conceptual model, refined through empirical work.	Customers are engaged in a rational process of cognition, affect and behaviour. A customer evaluates an experience using this information to inform future cognition. Past customer experience is a useful predictor of future customer behaviours.	Ignores customer emotional and therefore does not account for irrational behaviour.
Newman (1966)	Book	Build the foundation of consumer research by viewing the consumer as a rational decision maker processing information in order to achieve satisfying choices	Conceptual in nature, focusing on the rationale aspect of consumer decision-making processes, i.e. using utility maximisation theory
Grunert and Bech-Larsen (2005)	Conceptual paper	Identifies a concept in psychology the basic expectancy – value model, where the beliefs related to behavioural options are characterised by their strength (perceived probability that the option will lead to the consequence) and the evaluation of the consequence (desirability, valence). The sum of the evaluations is weighted by strength and the consumer is in effect an expected	

Author/date	Nature of Study	Key Contribution	Limitation
		<p>value decision maker. There are other theories that borrow from the expectancy – value model such as Lewin’s field theory, Tolman’s theory of purposive behaviour, Atkinson’s motivation theory, Edward’s subjective utility theory and Fishbein’s attitude theories. Implicit in customer experience management is that we can improve marketing outcomes by identifying gaps between actual and ideal aspects of customer experience and improving upon each attribute. Consumer evaluation of the overall experience is additive.</p>	
Hirschmann and Holbrook (1982)	Conceptual paper	Establishing the hedonic aspects of consumption experiences as a key attribute in the field of consumption and marketing	Conceptual of nature. Lack of connection to important behavioural customer outcomes empirically. Explores only product experiences, not services
2.3.2.3 Experiential ‘Emotional’ Theorists			
Meyer and Schwager			

Author/date	Nature of Study	Key Contribution	Limitation
2007	Conceptual/illustrated with case studies.	Relates customer and employee experience management.	Anecdotal. Does not link how customer and employee experience are directly linked.
Howard and Sheth (1969)		Summarises the role of customer experience in the theory of buying behaviour. They establish that the consumer is the driving force behind their choices and link it to important outcomes, such as customer satisfaction and brand value.	Conceptual in nature, does link customer experience only to attitudes, not behaviour.
2.3.2.4 Peak Experiences			
“Extraordinary and Peak Experiences” Arnould and Price, 1993;	Studied intensive rafting trips. Multiple methods claimed. Grounded in participation and observation, supplemented with interviews, focus groups and surveys	Coined the term peak experience as a particular incidence of hedonics. Their article breaks the boundary conditions of customer satisfaction as outlined in the expectations confirmation paradigm of Oliver (1996).	Very hard to generalise from what is an unusual and very intense experience. Brings customer experience to theme parks and the like rather than the everyday world of banks, phones, shops. Context influences the data.
Csikzentmihalyi (2000)	Conceptual paper that references to his previous empirical work on the concept of “flow”	Identifies experiential rewards of consuming as additional to the hierarchy of needs paradigm. Experience as a benefit not captured fully by economists theory of utility (my own extension	Flow is just a building block in the exploration of the peak experiences

Author/date	Nature of Study	Key Contribution	Limitation
Pine and Gilmore (1998)	<p>Conceptual piece with anecdotes</p> <p>Defines experiences</p> <p>Foundation for future publications that expand on the theme, offer new anecdotes and helpful implementation tips</p>	<p>Most famous of the articles they wrote defining the concept of experiential marketing.</p> <p>Promotes experiences as a new paradigm of marketing: goods to services to experiences</p> <p>Offers definition of experience along two axes (connection and participation) which conveniently creates a 2 by 2 with four types of customer experience (education, entertainment, esthetic and escapist). I think the third term is really spelt aesthetic but it ruins the alliteration.</p>	<p>Their contribution borrows opportunistically from economics and psychology, using only anecdotal, not empirical evidence. Thus, the academic grounding is hard to discern from the article</p>
Schouten, McAlexander and Koenig (2007)	<p>SEM analysis. Survey based data based on attendees at a Jeep brand fest</p>	<p>Expand upon Arnould and Price by identifying two sorts of transcendent experiences -Peak and Flow. He puts more meat on each of these.</p> <p>Brands that are associated with transcendent experiences create a whole</p>	<p>Excellent contribution, however, the customer outcomes refer to an attitudinal rather than behavioural data</p>

Author/date	Nature of Study	Key Contribution	Limitation
		<p>other level of affective response that is tied to very deep emotional scripts (means end type stuff me thinks)</p> <p>Creates a two step model of integration with a brand community. Integration boosts the relationship with the product, brand, company and other owners. The result is a construct of transcendent customer experience.</p>	
<p>Gremler 2004 JSR</p>	<p>Meta analysis of CIT studies</p>	<p>Authoritative review of the use of CIT in services marketing. Critical incidents are defined (Bitner, et al 1997) as those that are of such importance that they can predict future behaviour. They offer a number of advantages for service research: close to reality, context specific, inductive – respondent’s perspective,</p>	<p>No critique – it is a meta analysis that focuses on methods and applications, rather than contributes to customer experience.</p>
<p>Edvardsson and Roos (2001)</p>	<p>Conceptual , literature review based</p>	<p>Offers a review of related approaches to analysing critical incidents</p>	<p>Still hard to extract the references that relates it to peak experience from this reference. I think one must infer that CI are those which can destroy or build a relationship and there</p>

Author/date	Nature of Study	Key Contribution	Limitation
			is likely enough in the article to sustain that.
2.3.3.1 Unidirectional Perspectives Views of Customer Experience			
Arnould and Price (1993)	Empirical, qualitative and quantitative study	Service provider “socialises” customers into an experience.	Although some focus on supplier, this paper introduces the role of customer managing their own unique experience.
Berry (2000)	Empirical study	A supplier creates the customer experience, which provides brand meaning.	Supplier perspective of brand meaning.
Frow and Payne (2007)	Case studies	Consider the design of a “perfect” customer experience within and across channels.	Identifies the problems of measuring customer experience, which is a limitation in many studies.
2.3.3.2 Co-created Experiences			
Bitner, Faranda, Hubbert and Zeithaml (1997)	Conceptual paper	Considers the role of customers in creating the quality and productivity in a service experience context.	Few studies adopt a holistic approach to co- creating the customer experience. Usually adopt either the supplier or the customer perspective. Also, few consider experience as a holistic experience with a

Author/date	Nature of Study	Key Contribution	Limitation
			longitudinal design incorporating multiple encounters.
Caru and Cova (2003 2007)	Conceptual paper	Considers consumption experiences from the ordinary to the exceptional, from supplier delivery, through customer/supplier co-creation to experiential consumption focusing on customer.	Idea of continuum of experiences is useful, but what about a longitudinal perspective?
Bendapudi and Leone (2003)	Empirical study, investigating how customer involvement in production impacts customer satisfaction	Customer participation in production impacts customer satisfaction. A customer takes some responsibility for the outcome of their participation, reducing the negative impact on satisfaction if an adverse outcome is experienced.	Interesting as points to negative aspects of customer participation as well as the positive aspects of heightened customer satisfaction through co-creation.
La Salle and Britton (2003)	Book - conceptual with anecdotal studies.	The role of interactions in customer experience.	
Prahlad and Ramaswamy (2004)	Conceptual paper considering how value is co-created	Co-creation of value through personalised interactions based on how an individual wishes to interact with the company. Interactions allow customer to co-create unique experiences with company.	Ground breaking. But doesn't explain how interactions together make up the holistic picture of the experience.
Caru and Cova (2006)	Empirical study	Immersion in a consumption experience is gradual and not an	Longitudinal approach to customer experience is important (in

Author/date	Nature of Study	Key Contribution	Limitation
		immediate process, that is facilitated by specific cues e.g. referants, rituals, guides.	contrast to the peak/immersion in the experience).
Sandstrom, Edvadsson, Kristensson and Magnusson (2006)	Conceptual framework	A service experience is the total functional and emotional value of a consumer service.	Limited view of value. The importance of understanding customer experience is considering how this links with in use value.
Etgard (2007)	Conceptual framework	Framework identifying five stages of consumer co-production.	Excellent summary of the components of value, which I believe are important to our conceptual framework - how customer evaluates an experience.
Payne, Storbacka and Frow (2008)	Conceptual framework	Framework for understanding and managing value co-creation. Identifies three components of experiencing a relationship: emotion, cognition and behaviour.	Identifies the limitations of CAB approach to understanding customer experience, and emphasises the role of emotions. Emphasis on encounter processes. However does not identify and explain in detail other influences important to co-creating the customer experience e.g. social context, user groups etc.
2.3.3.3 Dialogical Perspectives with			

Author/date	Nature of Study	Key Contribution	Limitation
other parties			
Tompson and Fine 1999	Review of models describing socially shared meaning	Individual level processes are not sufficient in explaining shared understanding of a group.	Raises questions about how customer experience has been studied and the appropriate unit of analysis i.e. individual v group experience.
Goulding, Shankar, Elliott and R Canniford(200*)	Empirical study	Shared experience of consumers fundamentally changes the experience. Subjective experiences merge into a collective consciousness shared with others sharing the same experience.	Individual subjective experiences cannot be understood without understanding the collective consciousness. Raises questions on how an individual's past experience impacts their current experience, as current group norms and rules may be more important.
Brakus (2009)	Empirical paper	Conceptualizes brand experience and constructs a corresponding scale	Methodological concerns, lack of exploratory nature to define the construct of brand experience.
Puccinelli et al. 2009	Conceptual paper	Conceptualises a framework for customer experience management linking to the customer buying process and its consequences, i.e. customer satisfaction and retail performance	Conceptual of nature, focuses on attitudinal versus behavioural outcomes.

Author/date	Nature of Study	Key Contribution	Limitation
Verhoef et al. (2002)	Conceptual paper	Discusses the determinants of customer experience and the link between customer experience and growth	Conceptual of nature
2.3.3.4 Brand Communities and Customer Experience			<p>Overall summary of limitation of studies:</p> <p>Studies often do not distinguish between the role of the supplier customer, other customers, other influencers and shared input into the brand community experience. Muniz and Schau (2005) explore shared experiences of a brand community, even when supplier involvement has ceased, emphasising the emotional experience ties the community together. Membership to the brand community can have both positive and negative impact on customer experience but there is lack of clarity about the nature and extent of these influences. For example community involvement in innovation activities</p>

Author/date	Nature of Study	Key Contribution	Limitation
			<p>may increase emotions of intimacy with other members of the community (Kozinets et al 2008), but do contributors feel exploited or misunderstood by the supplier company? Investigating brand community provides insights into how members experience the brand and the role of the brand in their lives.</p>
Shouten and McAlexander (1995)	Ethnographic study of a subculture of consumption	Brand communities may profoundly influence members experience and this occurs independently of the supplier, often in unplanned ways. Studies have investigated different aspects of how the brand community can impact the experience of brand	

Author/date	Nature of Study	Key Contribution	Limitation
		members.	
Muniz and O'Guinn (2001)	Ethnographic and computer mediated data.	"Customers" create a community by their own consumption experience often shared within a narrative.	
McAlexander, Schouten and Koenig (2002)	Ethnographic study of two brand communities	Emphasis on brand created by customers as well as marketers. Brand community shares the experience of the brand and creates its own brand identity.	
Muniz and Schau (2005)	Netography and participative observational methods.	A brand community is defined by shared experiences across a network of relationships. A key role for a supplier is to facilitate the sharing of experiences within a brand community	
Andersen (2005)	Case study of brand community	Explores power relationships in a brand community. The brand community continues even when the product itself is dead and this happens through shared emotional experiences	
Algesheimer, Dholakia and	Survey testing a conceptual model of	Supplier facilitates web based brand community	

Author/date	Nature of Study	Key Contribution	Limitation
Hermann (2005)	influences on the customer relationship with the brand community and how this influences members intentions and behaviours.	activity through managing and revitalising the web community.	
Cova and Pace (2006)	Case study of "my Nutella" web community	Study does not specifically look at moderating influences on the customer experience. However, demonstrates how membership to a brand community has both positive and negative impact on behaviour, which has implications for the customer experience.	
Schouten, McAlexander, Koenig (2007)	Quasi-experiment considering how aspects of peak experience impact brand relationships.	Web site provides an opportunity for brand members to put themselves on display, how they experience the brand and provide an insight into the brand's role in his/her life.	
Kozinets, Hemetsberger and Schau (2008)	Conceptual paper exploring the nature of on-line innovation.	Peak experiences that a customer relates to supplier managed process strengthen a person's emotional ties to a brand community.	

Author/date	Nature of Study	Key Contribution	Limitation
		<p>Identifies four categories of on-line creative brand community involvement using the dimensions of collective innovation orientation (common goal orientation) and the concentration of innovation within the community. Suggests innovation activity may enhance community member experience in subtle ways, including emotions of intimacy with those who share common goal.</p>	
<p>2.3.4.1 Consultant/Analyst Perspectives of Customer Experience</p>			
<p>Korkman (2006)</p>	<p>Empirical dissertation</p>	<p>Value is embedded in practices - what people do rather than how they experience. Individual experience gains meaning within sociocultural practice systems. Limitation: seems to suggest meaning derived from personal history and knowledge banks is subordinate (not fully explained) in relation to</p>	

Author/date	Nature of Study	Key Contribution	Limitation
		the meaning derived from the sociocultural context.	
Carbone and Haeckl (1994) Marketing Management	Conceptual and managerial	The engineering of customer experiences (word is used) is about purposeful and systematic goal directed. The goal is to create a preordained customer feeling and or emotion post service encounter. The word blueprint appears and there is a basic design model posited: Acquire service experience design skills data collection and analysis service clue design Implementation and verification. Claims that we need to make service design more managed and directed.	It is a lot about Disney and retail shopping. It suffers from being more episodic or multiple yet related episodes than the total impressions created over an extended time frame.
Shostack (1987)	Conceptual	He is an early name often cited who introduced the notion that we can manage services along the dictates of product quality.	

Appendix E Example Interview with coding

Name: 2008-07-01-XXX_Edinb_Day_1_AS

References for nodes and coding are highlighted as seen here.

Corresponding Nodes are highlighted in RED FONT

PHIL KLAUS

Doctoral Researcher

CENTRE FOR STRATEGIC MARKETING AND SALES

Cranfield School of Management

RESEARCH INTERVIEW

2008-07-01-XXXX_Edinb_Day_1_AS

- Completely unclear dialogue and/or stammering is transcribed as: ...
 - Long snatch of completely unclear dialogue is transcribed as:
 - Uncertain dialogue is transcribed phonetically followed by: [Phonetic Guess?].
 - Where it is difficult to identify the speaker, they will be identified by gender, ie Man/Woman.
 - Two or more people speaking simultaneously rendering dialogue unclear is transcribed as: [MULTIPLE SPEAKERS]
 - Pauses, background sounds, etc are transcribed as: [PAUSE], [BACKGROUND SOUNDS].
-

Phil Klaus: **First time you ever purchased a mortgage ...**

AS: ... It would be 30 years ago, 33 see yeah, about 30 years ago. Yes.

Phil Klaus: **Remember what it triggered? What was the trigger moment that you said, we need a mortgage, you purchased a house?**

AS: Yes. Aha. We moved from a small flat to a bigger house and needed a mortgage. That was our first mortgage. TRIGGER 1ST MORTGAGE

Phil Klaus: How many did you have since? Or did you have [none?]?

AS: That's 1, 2, 3, 4. Cleared one and remortgaged again. So 5, 5 mortgages I've had.

Phil Klaus: The recent one was, the most recent one?

AS: The most recent one was just last year. And it was a remortgage to -

Phil Klaus: Why did you remortgage?

AS: Why we remortgaged? Well my mortgage was paid off 15 years ago, because my husband died. So that's paid off. And then since then I've remortgaged or taken additional to do improvements. Home improvements. So I didn't have a mortgage, so I'm back to having a mortgage. Which - I'm thinking, why did I? PROCESS OF GETTING MOST RECENT MORTGAGE

Phil Klaus: The most recent one, if you compare it with the other ones, before, is there any significant difference in the process you went about it? Getting a mortgage or finding the right mortgage?

AS: No, no. Because I went back obviously to the XXX⁹. I've been with the XXX mortgage wise for 20, 20 odd years and just stayed with them. So yeah, so it's quite an easy process, just phone the bank. PROCESS EASE

Phil Klaus: Why did you stay with them?

AS: I don't know. Just far. I don't know. We had, how many have we had, mortgages with them, one. We started off one which was with a financial advisor and then we just from there we could just went back to XXX and we've just stuck with them. I don't know why actually. INERTIA Because I think really in this day and age be yes, aha. Better the devil you know. Probably. FAMILIARITY

Phil Klaus: The first time you went in contact with them you said you used a financial advisor.

AS: Yes we did. Aha.

Phil Klaus: Could you elaborate on that for me?

AS: Why we used?

Phil Klaus: Yeah.

AS: I'm trying to think why we used a financial advisor. We purchased a house - I'm trying to think why. I think it was, somebody we knew who said, ooh I can help you. PEER TO

⁹ Due to the confidential nature of the research the bank in question is disguised and referred to as XXX

PEER INTERACTIONS Or we were taking out, it was an insurance broker. And we were looking to move. Took up the insurance policy with them, and he said, my friend will get you, look into, so he looked in and that's how we ended up with the XXX, the XXX XXX. Whereas before that our mortgage was with the [Double Permanent?] Building Society. And then we moved to XXX and that was obviously the **best rate then**. **BEST RATE**

Phil Klaus: **More attractive?**

AS: Yeah that's right, yes. ...

Phil Klaus: **So was purely on numbers?**

AS: Mmm-huh. We're still there.

Phil Klaus: **Are you with XXX only in the context of mortgages?**

AS: No. **No I have my bank, obviously bank with them. Well you have to bank with them if you have a mortgage with them. So you have to bank with them.** **IMPORTANCE ADDITIONAL SERVICES**

Phil Klaus: **Are you happy with their entire service?**

AS: Yes, so far, yes. **They've always been okay.** **PAST EXPERIENCE** **Haven't had any problems with them. But, the odd one or two, but you get that no matter where you go, so I suppose.** **HISTORY and BRAND IMPORTANCE**

Phil Klaus: **You think so?**

AS: I think so yeah.

Phil Klaus: **What makes you say that?**

AS: I don't know. I just had dealings with other things, with other companies, insurances and things and you still have, so I suppose they're all - anyway, saying now, it's more ... **it's a call centre you phone, so you're not seeing somebody face to face, or you don't -** **FACE 2 FACE INTERACTIONS**

Phil Klaus: **How does that make you feel?**

AS: That I don't like. No, I don't like that at all. **MULTI CHANNEL EXPERIENCE**

Phil Klaus: **Why?**

AS: Why? **Because every time you phone you get somebody different. And you have to go through the long story and then, yes I'll deal with it and then you wait another couple of weeks and you phone again, and the same story.** **MULTI CHANNEL EXPERIENCE and PROCESS FRUSTRATION**

Phil Klaus: Different person.

AS: Different person, same story and they don't you know? So it's, no I don't like that. I think I started off actually in the branch. I think I did. In the XXX's branch with - filling out forms. But then yes, face to face. And then it was sent down to the mortgage, which I think is in Gloucester somewhere. So then that was, and then from there you have to deal with them on the phone, or letters. **MULTICHANNEL EXPERIENCE and PROCESS FRUSTRATION**

Phil Klaus: So if you have any questions, enquiries, something you would like to change.

AS: With the mortgage I assume you have to phone -

Phil Klaus: You cannot just walk in your branch and -

AS: Oh yes, you probably could but I don't think they would be able to help because I think you have to make an appointment with a mortgage advisor to, you know? So you would have to make an appointment to see her so she would be able to – **PROCESS FRUSTRATION and LACK OF GUIDANCE**

Phil Klaus: Do you know who your mortgage advisor is?

AS: [No?]. I should do because I did see her. Probably got her card somewhere. But I couldn't tell you off hand no.

Phil Klaus: She didn't leave an impression on you did she?

AS: No, no. Obviously not, no! No. She could walk in the door now and I wouldn't know her no. So, no. **PERSONAL RELATIONSHIPS**

Phil Klaus: Did she contact you to create awareness she is your mortgage advisor? Or how did you find out about her?

AS: I'm trying to think. I think I must have just phoned the branch. Because we were looking to remortgage and phoned and asked, and they said, we'll make an appointment with whoever you come and see and she'll be able to help. Which she did.

Phil Klaus: She did help?

AS: Oh yes she did, yes, she was, she helped, processed. And then when she processed it then it had to go down to the mortgage department down, as I say, I think it's Gloucester. And then they deal with it all. **PROCESS**

Phil Klaus: Why that? Why did you have to go then to a different place?

AS: Why did they send it to the -

Phil Klaus: To Gloucester, yeah.

AS: That's obviously where they deal with their mortgages. I think it's a sort of general, you know and then once that, the solicitor deal with it all. So. She had the hassle instead of me.

Phil Klaus: Which is okay with you?

AS: Yes.

Phil Klaus: That's what a bank should do, shouldn't it?

AS: Mmm-huh.

Phil Klaus: So you prefer a face to face as you told me?

AS: Yes, yes.

Phil Klaus: Why?

AS: I don't know, it just seems, well it's nice to know who you're dealing with, rather than just constantly, as you say. And every time you phone and get somebody different. And you just feel that they're yes, yes, yes-yes-yes-yes-yes, type it in yes-yes-yes and then put the phone down and think that's fine, that's that one finished with. Because I think if you're one to one, you know somebody, you know who you're dealing, you can then go back and say, well you were supposed to do, or - where as I say, every time you phone you get somebody, and then you've got to say the same story over, and nothing gets done. **PROCESS and F2F and PERSONAL RELATIONSHIPS**

Phil Klaus: How much does that bother you?

AS: Quite a bit actually. Because I'm dealing with the tax at the moment and they're the same, and every time you phone and it's, again it's the same, and they don't know what they're talking about. So it does, I don't like. **PROCESS FRUSTRATION**

Phil Klaus: So next time you will get a mortgage or a remortgage -

AS: I would prefer to be yes, face to face with somebody I could see, right? You know. This is, and sign the form here and now. **F2F**

Phil Klaus: So would you look for somebody else? Besides XXX?

AS: Probably not, and I should. **INERTIA** I know I should, because my daughter is looking for a mortgage at the moment and yes, aha, yes. She's the sensible one who's going to look about rather than -

Phil Klaus: So when you look now for your daughter, or is your daughter looking for -

AS: She's looking for one herself.

Phil Klaus: How is she going about it?

AS: How is she going about it now? She has today been in touch with a solicitor who gave her advice to say to go to the property centre [Edinburgh sisters?] property centre. P2P Who, they have financial advisors. So she's got an appointment tomorrow to see what he's - well see. And then I assume she'll try her bank which is the XXX and see what they say. Because obviously it's her first time. She's a first time buyer. So mortgages are very - yeah, so .

Phil Klaus: **Interesting time to become a first time buyer.**

AS: Right, so it's - just looking to see what she can get. Or if she can get. Not even what she can get. If she can get a mortgage. ... she can get.

Phil Klaus: **Financial advisors, what do you think about them?**

AS: [LAUGHS] I would say, I suppose they're okay but I would say a lot of the time as well, they get commission don't they? So they're, well no, because my daughter was saying that tonight. ... they charge? And I said, well I don't think so, I think they get a commission from, you know if they'd set up a mortgage for you, he would get commission from the bank, or building society. Or I suppose, so helpful. If you're not very sure what you're, you know? GUIDANCE 1st Time Buyers – Peace of Mind

Which at the moment my daughter is not very sure, you know what she can get, or -

Phil Klaus: **So you would assume they can give more guidance than a bank?**

AS: You would like to hope. Well yeah. But I don't know. I'm not very sure. Obviously the bank only sell their own product don't they? Whereas the financial advisor to go to, yes a wider, mmm-huh, yeah, so – CHOICES and INDEPENDENT ADVICE

Phil Klaus: **Pick from a broader range?**

AS: Yes, aha, so you could get you know, or try the building society, bank, or whatever you know. Rather than just if it was the XXX, that's it, that's all you would ... Scottish Widows ...RELATIONSHIP vs TRANSACTION

Phil Klaus: **Would you choose, or why would you choose a financial adviser?**

AS: Would I? I probably wouldn't, no. And the time we did have one it wasn't, it was just a well, you know, I can get you a mortgage, okay that's fine. RELATIONSHIP vs TRANSACTION So it was -

Phil Klaus: **Just a transaction?**

AS: Yeah. Just the way it worked out. I've never ever been, never ever used anybody again, you know so. Always just gone back to the bank actually and you know, said give me a mortgage or ... RELATIONSHIP vs TRANSACTION

Phil Klaus: In your opinion what are the 3 most important attributes on which you would choose a mortgage. What's like number 1, number 2, number 3, this is how I choose my mortgage.

AS: How do we choose a mortgage? Well, I don't know. When we first got the mortgage there wasn't you know, the first time we got our mortgage, first mortgage there wasn't anything like, you know, it was just a mortgage you got. You just got, you paid back and then you know. There wasn't any sort of, no – **RESULT FOCUS**

Phil Klaus: So it was to get it?

AS: Whereas now it's a lot more complicated. You've got to look for fixed rates and all the different things. Whereas when we first took out a mortgage it was like, just a -

Phil Klaus: So for your first mortgage, let's divide, first mortgage and later mortgage. For your first mortgage, the most important thing was?

AS: I'm trying to think, the first one, the first one I think the mortgage we went for, because I worked from a lawyers office and I went to the building society, that we dealt with. Basically that was why.

Phil Klaus: To get it?

AS: To get, yeah, that mortgage and that was it. **RESULT FOCUS** We didn't look about or -

Phil Klaus: Was it also about the way to get it? Painful, painless, easy.

AS: It was painless, it was easy, because I worked in a lawyers office and it was the building society we dealt with, so it was a matter of course, yeah. Yeah, you can have a mortgage? Yes, no problem. We know you. There you go. **RESULT FOCUS** Thank you very much. So that was that. And then the next one was the XXX which was through the financial advisor, so that was easy to get. And then the next one was the XXX, but because we'd already had a mortgage with them they were quite happy to – **PROCESS EASE**

Phil Klaus: So while this was not any more effective, so you know, I'm going to get a mortgage anyway. What was then the second most important thing?

AS: Ummm.

Phil Klaus: I mean if you know you're going to get a mortgage then how you choose it? By what factors next. You know you're going to get it.

AS: So what made us choose like what the mortgage we got rather than -

Phil Klaus: Yeah, from somewhere else or from financial advisor?

AS: Well we just thought okay fine, we're going to get one from the XXX, the rates are fine, everything is - you know? **INTEREST RATE**

Phil Klaus: The rates were fine?

AS: Yes.

Phil Klaus: So did you compare that?

AS: No. We just thought, well yeah that'll do! If we can afford that you know? So it was just a case of - I'm trying to think where did we move to? Um. So the first one was - so the next one. Basically we just went back to them. **PROGRESS EASE and HISTORY** Yes, you can remortgage, or you know you can pay off one mortgage and get another mortgage and we could still afford it so we just didn't bother going elsewhere.

Phil Klaus: That's totally fine! But you mentioned, you didn't compare it with competitors, but you said something like, well it fits what we can pay for.

AS: Mmm-huh.

Phil Klaus: So there must be some kind of interaction that they found out what do you need, or what do you want? Was there?

AS: No, it was more, I mean I'm thinking, the next 2 mortgages we had, there wasn't much difference. You know, like although we'd moved up in property, the prices had jumped so we didn't really need an awful lot more. You know? So it was just a case of, it was more sort of paperwork, you know just changing from one house to another house. And -

Phil Klaus: And did they do the paperwork efficiently?

AS: Yes. **PROCESS EASE**

Phil Klaus: Was that probably a decisive factor -

AS: Yes, they were okay. Now, see, this last mortgage they didn't. This last mortgage they made a complete mess of it. But - so I don't think I would go - aha, aha, complete mess. **INERTIA**

Phil Klaus: Were you, before the last one under the impression if I go to XXX, they did it before, it's -

AS: Yes, so normally, yes, aha, aha.

Phil Klaus: Piece of cake.

AS: Piece of cake. But this time it wasn't a piece of cake. **PROCESS EASE and FAMILIARITY**

Phil Klaus: No? Why?

AS: Well this time, the last time - I'm trying to think, the last time when I - my mortgage was paid off when my husband died. And then I took out, remortgaged on my own for

improvements to the house. But recently I have remortgaged with - I have now a partner. So that was the hassle this time because we had to get the title deeds back and redo the title deeds for the house. So that's why the hassle. Because they lost the title deeds and couldn't find them. So there was lots of hassle. So that's why. Whereas before it was just a matter of signing something and that's it. But because the title deeds had to be changed -

Phil Klaus: **How did you feel about that?**

AS: It was very frustrating. And then eventually it was passed on to the solicitor, so she was frustrated and she still is actually. Having problems with them. And that was last April, May. It was a year. **PROCESS FRUSTRATION**

Phil Klaus: **So how do you feel now about XXX and their mortgages? ...**

AS: Well now that it's sorted and everything is okay and you know we're paying every month it's okay. Yeah, they're fine now, I have no problems with them now. **PROCESS and HISTORY** But, no they did make a complete mess of it. Not a mess of it, but just, no we don't have the title deeds and yes we do, I mean you've got them. And it took about a month for them to realise, yes they did have the title deeds, you know, so it was a lot of.

Phil Klaus: **Enough to consider somebody else in the future?**

AS: Probably. But I would like to never have another mortgage. So, you know. This one'll be last.

Phil Klaus: **But for example now that your daughter is looking for one, would you or will you recommend XXX? Or to go to XXX?**

AS: Well she probably will try because she banks with them as well. So she probably will try them, yes. I'm not saying she'll use XXX. But she'll try.

Phil Klaus: **If she would ask her mum, should I go with XXX ...**

AS: ... Yeah, but yeah I have no problems, apart from the last time. But I mean no they're normally, they've been okay. **FOREGIVENESS and HISTORY**

Phil Klaus: **So you look at it over longer period of time?**

AS: Aha, I know, yeah. Between, as I say, I bank with them as well. And I also have a household insurance and that. So I've had no problems with anything. Yeah. **ADDITIONAL SERVICES and Relationship vs. Transaction**

Phil Klaus: **So it's the whole portfolio that actually comes in when you look at them. Not just mortgage?**

AS: No, no, so I use them - and as I say I've had no problems with them for the ...

Phil Klaus: So you forgive?

AS: [LAUGHS]

Phil Klaus: That was a yes?

AS: Yes, sorry.

Phil Klaus: Sorry, I was, no-no-no, when you are used to if you like, that was a yes. Because the girl -

AS: What's she talking. Sorry.

Phil Klaus: Interesting. So if there is anything from your point of view that they should or could change in the process of mortgages and dealing with mortgages? Or if you make a wish list like the 3 most important things, what would they -

AS: To deal with, or with somebody face to face. From beginning to end, would be, yes, perfect. Yes. And that would be fine. You could actually go down to your branch or whatever, make an appointment, see this person, sign the, do it all from such and that would be ideal. Instead of having to phone and get them - and not getting anybody as well. You know phoning and nobody answers the phone, or just, you know. So yes that would be. So back to what it used to be. Basically. **Cradle to Grave and F2F**

Phil Klaus: Before that last shortcomings of XXX, did you recommend them when friends and family asked? Thinking about a mortgage did you say, yeah I go to XXX.

AS: Yeah.

Phil Klaus: Yeah?

AS: No.

Phil Klaus: No. Never.

AS: No, never.

Phil Klaus: Why?

AS: I don't know ... I don't think anybody really asked. But I wouldn't know. I mean as I say we bank with them, my children banked with them as well, but I never thought to -

Phil Klaus: You never actively recommended them?

AS: No, no, no, no, no. No.

Phil Klaus: Fair enough.

AS: No I've had ... because of Scottish Widows. No I wouldn't recommend them to anybody for anything. Terrible!

Phil Klaus: No.

AS: No.

Phil Klaus: **It's not terrible at all. I mean I'm a researcher, I couldn't care less. Interesting. And still you would stay with them?**

AS: I know, I know, you sometimes think ooh, I think it's a lot of the times it's better the devil you know isn't it. Can't be bothered to is it? Laziness in some case, yeah.
Familiarity and History and Relationship versus Transaction

Phil Klaus: **I would much rather phrase it as convenience.**

AS: Yeah, it's more convenient there. HISTORY and PROCESS EASE and CONVENIENCE RETENTION Rather than leaving. But it's true, if you don't have any problems with them, then you think, I'll just - whereas really you should be -

Phil Klaus: **You just say, apparently the longer you know them the more likely to get lazy? Is that true?**

AS: Mmm-huh. Yes.

Phil Klaus: **So if that would have happened with your first mortgage?**

AS: Yeah, we probably would have thought, oh no, that's it, we'll go somewhere, we'll try somebody else.

Phil Klaus: **So you're now more forgiving because (a) you've been with them for a longer time?**

AS: Yeah.

Phil Klaus: **And (b) probably more importantly because they have all your other business and doing well there.**

AS: Yes.

Phil Klaus: **Which one of the 2 is more important?**

AS: I would say, probably because you've got everything else there and then, well if you moved a mortgage then you'd probably move your bank account and change and it's just all. Additional Services and Relationship versus Transaction and History

Phil Klaus: **The cost of switching.**

AS: Yeah, it's too much hassle. It just really - you should, I know you should do it and it's a lot easier now that you've got the internet and all that, but yes, I know, I know, I know, I know. It's the same with my gas and electricity. You know all the different things you think you should ... go round and change them all. And, so it's laziness. Convenience Retention

Phil Klaus: **That's ...**

AS: Mmm-huh, it is. Now you've got me thinking. I could go home and sit type and oh, yeah, that's maybe it, uh-huh.

Phil Klaus: **Why not? Or see an IFA and ask them and see where XXX really comes out for their rate.**

AS: Mmm-huh ...

Phil Klaus: **And even if you just use it to go to XXX next time they offer you a rate and like -**

AS: Yes, it's true. As I say, I think a lot of people are very lazy and don't do -

Phil Klaus: **There's nothing wrong with being lazy, as long as you are happy.**

AS: Uh-huh, yeah, I suppose. Mmm-huh. And at the moment I don't have any problems with the mortgage and XXX. I'd like not to have a mortgage but that's ... like that, so.

Phil Klaus: **Terrific. Anything else you would like to add?**

AS: No, I can't think of anything else.

Phil Klaus: **Thank you so very much.**

AS: Okay, thank you. No problem.

[RECORDING STOPPED]

Appendix F Coding Summary

Node	Description	Words coded	Paragraphs coded	Coding references	Sources coded
1 st mortgage process, result focus	Statements referring to the motivation, or underlying messages of what the customer is looking for	377	8	8	4
Additional Services	Additional services as trigger for the mortgage provider choice	1383	24	23	11
Best Rate	Best mortgage rate as trigger for the mortgage provider choice	1714	38	37	14
Brand Reputation	Stating the influence of the brand in the decision and selection process	2490	59	55	16
Independence	Perceiving independence as a decisive factor in the mortgage provider choice	2356	40	40	14
Choices	Statements of the importance to choose between offerings in the selection process	3828	59	69	16
Holding their hands	The importance of being guided through the process, especially for 1 st time buyers	1273	21	20	9

Node	Description	Words coded	Paragraphs coded	Coding references	Sources coded
Common Grounding	The importance to relate to the person representing the service provider	575	7	10	3
Comparison	The need to be able to compare between different options for the selection process of the mortgage provider	2990	49	52	15
Cradle to grave	Customers expressing their wish to be guided by one particular person throughout the entire process	1377	21	20	8
Differences between 1 st and subsequent mortgages	Statements explaining the difference (shift) in expectations between the first and subsequent mortgages	885	12	15	6
Differences mortgage provider	Statements about different perception due to multiple brand offerings	286	7	6	5
Expertise – peace of mind	Customers stating the importance of having a peace of mind due to the fact that their dealings with the service provider did or did not help in gaining	2683	46	41	13

Node	Description	Words coded	Paragraphs coded	Coding references	Sources coded
	confidence				
Diversification	The importance to choose different service providers for complimentary services connected with the process of getting a mortgage, such as life insurance etc	16	1	1	1
Emotions	The role of (positive and negative) emotions triggered throughout the process in choosing the current and future service provider	14400	205	218	24
Expectations of service offering	What customers expected the offerings to be and how it influenced their decision	7912	110	116	21
Familiarity	Familiarity with the current provider and its influence on the decision process	9848	165	161	22
Forgiveness	Customers stating that they “forgive” their service provider for their shortcomings	318	9	10	5
Process Frustration	Frustration caused by non-customer-friendly processes,	8499	104	111	19

Node	Description	Words coded	Paragraphs coded	Coding references	Sources coded
	such as dealing with foreign call centers etc				
Gaining expertise	Customers stating that them becoming more “savvy” influences their selection process	1206	12	14	6
Getting versus mortgage details	Statements identifying the fact that being approved in the mortgage process was more important than other factors, such as fees and interest rate	1631	35	33	12
Going the “extra mile” (Customer Delight)	Statements about the service provider exceeding the expectations of the customer by doing the unexpected and thus influencing in the last, and even future decision processes significantly	4059	55	54	14
Guidance	The influence of the service provider taking the customers through the complex process step-by-step in the provider selection	3763	47	51	12

Node	Description	Words coded	Paragraphs coded	Coding references	Sources coded
	process				
History I	The influence of former dealings prior to the mortgage process on the decision process	8006	124	123	21
History II	The influence of having a “history”, i.e. a former mortgage with the service provider	10192	168	166	22
Holistic view	Customers statements of looking at the entire dealings before making a decision in the future	3415	45	43	14
Impact	The impact a significant debt of a mortgage has on the customer’s decision process	2022	29	33	12
Face-to-face interactions	Statements about the influence face-to-face interactions, or even the opportunity to having face-to-face interactions had, and will have on their decision	8210	124	120	26
Flexibility	The influence of the providers ability (or	1906	35	32	14

Node	Description	Words coded	Paragraphs coded	Coding references	Sources coded
	inability) to demonstrate flexibility for the current and future decisions				
Additional services	How the option and the quality of additional service offerings in the context of the mortgage influences the customer's decision	3198	48	51	18
Interest rate	Stating the importance, or lack of importance, of the interest rate in the mortgage provider selection process	2087	43	40	14
Interpersonal skills	Statements of the importance of the service provider touch points in their (or lack of) ability to demonstrate "soft skills" in their interactions with the customers	8113	111	112	22
Lack of guidance	Stating the importance relating to the lack of guidance before, during, and after the process of acquiring a	3432	38	40	11

Node	Description	Words coded	Paragraphs coded	Coding references	Sources coded
	mortgage				
Loyalty	Statements referring to the role and the concept of loyalty in the customer's decision process	4273	69	60	14
Loyalty benefits	Customer's statements about certain expectations they have from their current service provider based on the fact that they are, or will be "loyal" to them	1773	28	27	7
Multi-channel experience	Emphasizing the differences and influences of dealing with multiple channels through the use of new media, channels, communications tools, or different organizational structures	5289	71	77	17
Nature of mortgages	Customers' statements about the differences between the "normal" offerings of financial service providers and the process of acquiring a	236	5	5	4

Node	Description	Words coded	Paragraphs coded	Coding references	Sources coded
	mortgage				
Openness	Referring to the importance to demonstrate openness (from both sides) throughout the process and the influence of this openness on the decision process	2391	36	33	12
Fee and costs disclosure	The influence of the service provider's ability to fully disclose the fees and costs associated with acquiring the mortgage and its influence on the decision process, especially future decisions and choices	872	13	13	6
Peer-to-peer interactions	Customers' statements on the influence peers had in the pre-and final selection of their mortgage service provider	2782	64	52	25
Process ease	The positive influence of "painless" processes and procedures on the service provider selection process towards a provider	8453	132	131	27

Node	Description	Words coded	Paragraphs coded	Coding references	Sources coded
	delivering these kind of processes				
Personal relationships	Describing “personal” relationships with a representative of the service provider or the lack, and what influence this relationship, or lack of, had on the decision process	9888	153	146	23
Inertia	Customers describing that they will stay, or are choose their current mortgage provider based on the fact that they are dealing with this provider right now, despite the fact that they will perhaps receive better rates from a competitor	323	10	9	3
Pro-activity	Statements about the importance, and positive influence, of the service providers ability to act in an active rather than a reactive fashion	329	6	7	3
Process	Statements connected purely with the process of getting a	2922	47	44	20

Node	Description	Words coded	Paragraphs coded	Coding references	Sources coded
	mortgage, i.e. how did the customer perceive it				
Push versus pull	Customer statements about the influence different “sales” strategies and tactics had on their selection process	1049	18	20	7
Alternative providers ad channels	Statements of customers contemplating alternative channels to receive mortgages in the future	960	26	22	6
Investment	Customers explaining the choices and decision process was guided by the fact that the property was seen as an investment, not for their own use	16	1	1	1
Relationship versus transaction	Influence of the different perceptions on if customers see the mortgage as a pure transaction, or if they perceive it as a part of a relationship with the service provider	4730	81	71	16

Node	Description	Words coded	Paragraphs coded	Coding references	Sources coded
Result focus	Customers purely looking to get the “best deal”, i.e. decide on purely financial terms such as interest rate.	1820	41	33	4
Service recovery	The influence the service providers behaviour in case of a mishap has on the current and future decision of the customer	1161	27	18	11
Sharing confidential information	Statement about the emotional influence the full disclosure of private and financial information has on the customer and how it influences the decision process	632	6	7	2
Stability	Comments referring to the importance of perceiving the service provider as stable and secure	181	5	5	3
1 st choice	Customers stating that they just stay with the 1 st choice of provider they encounter in the process of acquiring a	516	18	13	5

Node	Description	Words coded	Paragraphs coded	Coding references	Sources coded
	mortgage				
Technical differences	Describing the underlying choices of service provider based on how the mortgage will be used, i.e. to refinance, buy-to-let, or refurbishing	377	4	4	3
Trial period	Customers stating that they see their current mortgage as a trial period with the current provider and their future decisions will be based on how the dealings in the future will develop	223	4	4	2
True costs	Referring to the “true” overall costs of acquiring mortgages, such as time, efforts, hidden and associated costs, fees and its value and influence on the decision process	1441	32	30	11
Trust	Statements about trust, what triggered this notion, and how it will influence future decisions from the customer’s point-	9130	137	142	23

Node	Description	Words coded	Paragraphs coded	Coding references	Sources coded
	of-view				

Appendix G Nodes and References Based on Interviews

Date and Location of Interview	Number of Nodes	Number of References
2008-07-06- XXX_Edinb_Day_2_CJB	21	55
2008-07-01- XXX_Edinb_Day_1_AS	23	94
2008-07-02- XXX_Edinb_Day_1_JRM	31	150
2008-07-03- XXX_Edinb_Day_1_JS	40	348
2008-07-04- XXX_Edinb_Day_1_MFL	21	65
2008-07-05- XXX_Edinb_Day_1_MM	29	186
2008-07-06- XXX_Edinb_Day_2_CJB	34	132
2008-07-07- XXX_Edinb_Day_2_EB	30	215
2008-07-08- XXX_Edinb_Day_2_IV	30	184
2008-07-09- XXX_Edinb_Day_2_JM	28	117
2008-07-10- XXX_Edinb_Day_2_KB	36	232
2008-07-11- XXX Edinb Day 2 MrAV	32	124

Date and Location of Interview	Number of Nodes	Number of References
2008-07-12- XXX_Edinb_Day_2_RS	20	76
2008-07-13-XXX_G_Edinb	36	140
2008-07-14- XXX_RH_Edinb_Day_1	23	49
2008-07-15- XXX_BPI_Day_1_GRS	30	82
2008-07-16- XXX_BPI_Day_1_MAD	24	61
2008-07-17- XXX_BPI_Day_1_CG	17	30
2008-07-18- XXX_BPI_Day_1_LML	17	44
2008-07-19- XXX_BPI_Day_1_PB	17	41
2008-07-20- XXX_BR_Day_1_NRC	23	43
2008-07-21- XXX_BRI_Day_1_LS	22	88
2008-07-22- XXX_BRI_Day_1_RP	18	43
2008-07-23- XXX_Bristol_CLO	21	51

Date and Location of Interview	Number of Nodes	Number of References
2008-07-24XXX_Bristol_Day1_AB	15	22
2008-07-24XXX_Bristol_Day1_AB	17	44
2008-07-26-XXX_Bristol_Day_1_ESI	14	45
2008-07-27-XXX_Bristol_Day_1_JKM	19	42
2008-07-28-XXX_Bristol_Day_1_MNRV	31	100
2008-07-29-XXX_Bristol_PC	14	40

Appendix H Original Items and Corresponding Item Description

ITEM	Description
Process 1st Mortgage	Statements referring to the process customers went through in choosing their 1st mortgage
Reasons for Previous Choice	Underlying reasons for choice of former mortgage/provider
Best Rate	Best interest rate as the reason for choosing mortgage/mortgage provider
Brand Importance	Statements elaborating on the importance of the brand in the decision and selection process of the service provider/IFA
Independent Advice	Statements referring to the fact that there is a perceived difference between IFA and tied providers in terms of independence
Freedom of Choice	Statements about the importance of having the opportunity to choose between different options
Common Grounding	Statements about the importance of having something in common with the contact person of the service provider
Comparison Necessity/Variety Seekers	Statements about the desire/need to choose between different service providers and their offerings
Account Management	Statements of customers wishing for 'one designated contact' to deal with throughout the entire mortgage process
Seeking Expert Advice (1st mortgage)	Statements referring to the importance of choosing an IFA in the process of the 1st mortgage, during which customers are looking for guidance
Learning From Experience	Statements from customers emphasizing the differences in perception and expectations between the 1st and subsequent mortgages
Channel Expectations	Explicit statements about the different expectations by dealing with an IFA versus dealing with a lender directly
Not all Eggs in One Basket	Statements about the importance to diversify across services and service providers
Emotional Triggers	Statements about positive/negative emotions and their triggers

ITEM	Description
Expectations of Service Offering	Statements addressing what kind of service, i.e. service portfolio and quality were expected from the provider
Expertise - Peace of Mind	Statements about the complexity of mortgages and how the expertise of the service provider did contribute to a state of 'peace of mind'
Familiarity	Familiarity with the current provider as an underlying reason for choosing their services
Forgiveness	Customers staying with the current provider despite significant shortcomings of the provider during past dealings
Process Frustration	Describes service provider processes causing frustration and negative emotions to the customer
Customers' Learning	Customers gaining expertise through the mortgage process or dealing with different service providers
Result Focus	Customer statements identifying getting a mortgage in their current circumstances is more important than technical aspects, e.g. interest rates
Customer Delight	Exceeding customers' expectations
Holding their Hands	Referring to the fact that the service provider did guide the customer through the process and explained the individual steps
Interaction History	Statements relating to the history of interactions between customer and service provider, and the influence of this history on the customers' decision
Experience History	Refers to past experiences with the service provider
Past Experience Influence	Describing the influence of the entire past dealings with the service provider and its influence on current and future relationship and decisions
Mortgage Millstone	The impact of having a significant debt, such as a mortgage
F2F Interactions	Statements suggesting the importance of F2F interactions before, during, and after the process of applying for and getting a mortgage
Flexibility	The importance of demonstrating flexibility

ITEM	Description
Additional Offerings	The influence of additional offerings and services on the decision process
Interest Rate Sensitivity	Statements about interest rates and their importance, or lack of importance on the decision process Stating the importance of 'soft skills' in the interactions with service providers and their influence on customers' perceptions and decision making
Interpersonal Skills	Stating the importance of 'soft skills' in the interactions with service providers and their influence on customers' perceptions and decision making
Lack of Guidance	Stating a lack of guidance and its influence on the customers' perception
Loyalty	Statements referring to definitions, possible advantages and disadvantages of loyalty
Loyalty Drivers	Stating possible benefits, motivations and expectations by staying with the current service provider
Multi-Channel Experience	Emphasizing the differences and influences of multi-channel experiences on the customers' behaviour
Cross-Product Comparison	Stating the differences of mortgages in comparison with other financial services and products, such as e.g. accounts, credit cards etc.
Transparency	Statements about the importance of openness and full disclosure in the decision process
Fee Transparency	Referring to emotions and perceptions triggered by a lack of/clarity about fee structure etc
P2P Interaction	Influence of peers in building perceptions about service providers and the selection process of potential service providers
Process Ease	Statements of the influence of customer-friendly and/or painless procedures on the customers' decision to choose a certain provider
Personal Relationships	Describing the influence of personal relationships on the customers' behaviour
Inertia	Statements describing the customers staying with the current

ITEM	Description
	provider despite an inferior offering
Proactivity	The importance of being pro-active, i.e. anticipating the customers' needs
Process	How did customers go about choosing the most recent service provider, i.e. purely process
Reaction to Sales Approach	Statements relating to the behaviour triggered through certain push and pull sales techniques
Reasoning IFA Choice	Why did customers choose an IFA as a mortgage broker and/or advisor
Reasoning for Investing	Why customers did invest in property and how they perceive this kind of investment
Relationship Versus Transaction	Influence of the differences in perception of having a relationship versus conducting a transaction
Price Sensitive	Customer choices driven solely by 'financial terms', such as interest rate, fees etc
Service Recovery	The influence of how customers have been treated by the service provider in the event of a mishap
Emotional Impact of Disclosure	Emotions triggered in the application process due to sharing very private and confidential information
Risk Perception	Comments about the importance of stability and/or security in the context of mortgages and service providers
Convenience Retention	Statements about the tendency to stay with the current service provider for convenience reasons
Product Diversity	Influence of different kind of mortgages on the choice of mortgage provider, e.g. buy-to-let versus own property
Trial Period	Statements about customers' willingness to first have a 'test run' with a new/different service provider
True Costs	Statements about the true costs for the customer, i.e. not just financial costs, but also costs in terms of time, efforts and other resources

ITEM	Description
Trust	Statements about trust and what triggered the perception of trust in the mind of the customer

Appendix I Dimensions and EXQ scale items after Stage 1 of Scale Development

Dimension	Short Description	Scale Items
Process Experience	Experience connected with the process of securing a mortgage	Process ease Process frustration Account management Multi-channel experience Past experience
Product Experience	Experience connected with the range and features of the provider's services	Freedom of choice Cross-product comparison Comparison necessity/variety seekers Product diversity Additional offerings Not all my eggs in one basket
Lifetime Costs	The total costs of searching, applying, securing and paying for the mortgage	Price sensitive Interest rate sensitivity Best rate True costs
Risk	The perceived risk of accepting a significant financial obligation	Mortgage millstone Emotional impact of disclosure Risk perception Inertia
Provider Experience	The customer's assessment of all the interactions with the service provider before, during and after securing a mortgage	Peer to peer interaction Face to face interactions Holding their hands Common grounding

		<p>Flexibility</p> <p>Proactivity</p> <p>Personal relationships</p> <p>Reaction to sales approach</p> <p>Interpersonal skills</p> <p>Brand importance</p> <p>Relationship versus transaction</p> <p>Result focus</p> <p>Convenience retention</p> <p>Transparency</p> <p>Independent advice</p> <p>Expertise - peace of mind</p> <p>Familiarity</p> <p>Lack of guidance</p> <p>Service recovery</p>
Purified Items of EXQ	Supportive Literature	
Account Management	Johnston, R. (1997), "Identifying the critical determinants of service quality in retail banking: importance and effect", <i>International Journal of Bank Marketing</i> , vol. 15 no. 4, p. 111-116.	
Freedom of Choice Cross-Product comparison Comparison Necessity/Variety Seekers	Srinivasan, S.S., Anderson, R. and Kishore, P. "Customer loyalty in e-commerce: An exploration of its antecedents and consequences", <i>Journal of Retailing</i> , vol.78, no. 1, p. 41-50. McAlister, L. and Srivastava, R.K. (1991), "Incorporating choice dynamics in models of consumer behavior", <i>Marketing Letters</i> , vol.2, no. 3, p. 241-252.	
Price Sensitivity Interest Rate Sensitivity Best Rate	Dröge, C. (1997), "The role of competitive alternatives in the postchoice satisfaction formation process", <i>Journal of the Academy of Marketing Science</i> , vol.	

	25, no. 1
Mortgage Millstone	Urbany, J., Dickson, P. and Wilkie, W., (1989), "Buyer Uncertainty and Information Search", <i>Journal of Consumer Research</i> , vol. 16, pp. 208–214.
Inertia	Bawa, K., (1990), "Modeling inertia and variety seeking tendencies in brand choice behaviour", <i>Marketing Science</i> , vol. 9, pp. 263–278.
P2P Interaction	Childers, T. L. and A. R. Rao, "The Influence of Familial and Peer-Based Reference Groups on Consumer Decisions," <i>Journal of Consumer Research</i> , 19 (1992), 198-211.
Past Experience Influence	Sheth, J.N. and Parvatiyar, A.,(1995), "Relationship marketing in consumer markets: Antecedents and consequences", <i>Journal of the Academy of Marketing Science</i> , vol. 23, pp. 255–271. Roy, R., Chintagunta, P.K. and Haldar, S., (1996), "A framework for investigating habits, the hand of the past and heterogeneity in dynamic brand choice", <i>Marketing Science</i> , vol.15, no. 3, pp. 280–299.
F2F Interactions	Bearden, W., Netemeyer, R., Teel, J. (1989) "Measurement of Consumer Susceptibility to Interpersonal Influence", <i>Journal of Consumer Research</i> , vol. 15, pp.473–81
Brand Importance	Day, G.S., (1969), "A two-dimensional concept of brand loyalty", <i>Journal of Advertising Research</i> , vol. 9, pp. 29–35. Dodds, W.B., Monroe, K.B. and Grewal, D., (1991), "The effects of price, brand, and store information on buyer's product evaluations", <i>Journal of Marketing Research</i> , vol. 28, pp. 307–319.
Transparency	Eggert, A. and Helm S. (2003), "Exploring the impact of relationship transparency on business relationships: a cross sectional study among purchasing managers in Germany", <i>Industrial Marketing Management</i> , vol. 32, pp. 101-108

Process Ease	Dabholkar, P., Thorpe, D. and Rentz, J. (1996), "A Measure of Service Quality for Retail Stores: Scale Development and Validation," <i>Journal of the Academy of Marketing Science</i> , vol. 24, no. 1, pp. 3–16. Vantrappen, H. (1992), "Creating Customer Value by Streamlining Business Processes," <i>Long Range Planning</i> , vol. 25(February), pp. 53–62.
Product Range Product Diversity	Sourel, M. (2008), "Factors that affect consumers' cross-buying intention: A model for financial services", <i>Journal of Financial Services Marketing</i> , vol. 13, no. 1
True Costs	Chiles, T. H., McMackin, J. F. (1996), "Integrating variable risk preferences, trust, and transaction cost economics", <i>Academy of Management Review</i> , vol. 21, pp.73–99.
Emotional Impact of disclosure	Culnan, M. J., Armstrong, P. K. (1999), "Information privacy concerns, procedural fairness and impersonal trust: An empirical investigation", <i>Organization Science</i> , vol. 10, pp.104–115.
Holding Their Hands	Zaichowsky, J. (1985), "Measuring the Involvement Construct," <i>Journal of Consumer Research</i> , vol. 12(December), pp.341–352.
Relationship Versus Transaction	Ganesan, S., Hess, R. (1997), "Dimensions and levels of trust: Implications for commitment to a relationship", <i>Marketing Letters</i> , vol. 8, pp. 439–448. Geyskens, I., Steenkamp, J-B, E.M., Scheer, L.K., Kumar, N. (1996), "The effects of trust and interdependence on relationship commitment: A trans-atlantic study", <i>International Journal of Research in Marketing</i> , vol. 13, pp.303–317.
Independent Advice	Sharma, N., Patterson, P.G. (1999), "The impact of communication effectiveness and service quality on relationship commitment in consumer, professional

	services", <i>The Journal of Services Marketing</i> , vol. 13 no.2, pp.151-70.
Multi-Channel Experience	Donner, S. and Dudley, C. (1997), "Balancing customer contact and high-tech delivery", <i>ABA Banking Journal</i> , vol. 89 no. 1, pp. 18-20.
Not all Eggs in one Basket	McAlister, L. (1982), "A dynamic attribute satiation model of variety-seeking behaviour", <i>Journal of Consumer Research</i> , vol. 9, pp. 141-150 .
Risk Perception	Dowling, G. R., Staelin, R. (1994)' "A model of perceived risk and intended risk-handling activity", <i>Journal of Consumer Research</i> , vol. 21, pp. 119-134.
Common Grounding	Bagozzi, R.P. (2000), "On the concept of intentional social action in consumer behaviour", <i>Journal of Consumer Research</i> vol. 27, no. 3, pp. 388-396.
Result Focus	Huffman, C. and Houston (1993), M.J., "Goal-oriented experiences and the development of knowledge", <i>Journal of Consumer Research</i> vol. 20, no. 2, pp. 190-207.
Expertise - Peace of Mind	Bendapudi, N. and Berry, L.L. (1997), "Customers' Motivations for Maintaining Relationships With Service Providers," <i>Journal of Retailing</i> , vol. 73 (Spring), pp. 15-37.
Convenience Retention	Keaveney, S.M. (1995), "Customer switching behaviour in service industries: an exploratory study", <i>Journal of Marketing</i> , vol. 59 pp.71-82.
Familiarity	Wirtz, J. and Mattila, S. (2003), "The effects of consumer expertise on evoked set size and service loyalty", <i>Journal of Services Marketing</i> , vol. 17, no. 7, pp.649-665.
Flexibility	Liljander, V. and Strandvik, T. (1993), "Estimating zones of tolerance in perceived service quality and perceived service value", <i>International Journal of Service Industry Management</i> , vol. 4, no. 2, pp. 6-28.
Lack of Guidance	Saleh, F., Ryan, C., (1991), "Analyzing service quality in the hospitality industry

	using the SERVQUAL model”, <i>The Service Industries Journal</i> , vol. 11, pp.324-343.
Proactivity	De Jong, A., De Ruyter, K. (2004), “Adaptive versus proactive behaviour in service recovery: The role of self-managing teams”, <i>Decision Sciences</i> , vol. 35 , pp.457–491.
Service Recovery	Tax, S.S., Brown, S.W., Chandrashekar, M. (1998), "Consumer evaluations of service complaint experiences: implication for relationship marketing", <i>Journal of Marketing</i> , vol. 62 pp.60-76.
Personal Relationships	Beatty, S.E., Mayer, M., Coleman, J.E., Reynolds, K.E. and Lee, J., (1996), “Customer-sales associate retail relationships”, <i>Journal of Retailing</i> , vol. 72, no. 3, pp. 223–247.
Reaction to Sales Approach	Brown, G., Widing II, R.E. and Countier, R.L., (1991), “Customer evaluation of retail salespeople utilizing the SOCO scale: A replication, extension, and application”, <i>Journal of the Academy of Marketing Sciences</i> , vol. 4, pp. 347–451.
Interpersonal Skills	Crosby, L.A., Evans, K.R. and Cowles, D., (1990), “Relationship quality in services selling: An interpersonal influence perspective”, <i>Journal of Marketing Research</i> vol. 54, pp. 68–81. McCallum, R.J. Harrison, W. (1985), “Interdependence in the Service Encounter.” In <i>The Service Encounter: Managing Employee/Customer Interaction in Services Businesses</i> . Eds. John A. Czepiel, Michael R. Solomon, and Carol F. Surprenant. Lexington, MA: Lexington Books, 35–48.

Appendix K Questionnaire

Introduction

We would like to find out about your experience with your recent mortgage. By completing this survey, which should take 10 - 15 minutes, you can help us identify what we are doing well and what areas we can improve on.

Think about the process you went through, the interactions you had before, during, and after getting your mortgage and how that might influence your future choices.

Click the >> button below to start.

First

Is this your first mortgage?

- Yes
 No

Own

Is this most recent mortgage for your own home?

- Yes
 No

Relationship

How many years have you been with your current mortgage provider?

- 1-2 years
 3-4 years
 5-10 years
 More than 10 years

Items

[*Randomised answerlist*]

Please rate these statements:

	Strongly disagree (1)	(2)	(3)	Neither agree or disagree(4)	(5)	(6)	Strongly agree (7)	Do not known/ Not available
It would be great if I could deal with one designated contact through the entire process of getting my mortgage (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Strongly disagree (1)	(2)	(3)	Neither agree or disagree(4)	(5)	(6)	Strongly agree (7)	Do not known/ Not available
I want to choose between different options to make certain I get the best offer (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is important to me to receive mortgage offers from different companies (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Unless I can compare different options I will not know which one is the best for me (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
All I care about is which company gives me the best rate (5)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I do not choose by the interest rate alone, there are other important factors, too (6)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Items

[Randomised answerlist]

Please rate these statements:

	Strongly disagree (1)	(2)	(3)	Neither agree or disagree(4)	(5)	(6)	Strongly agree (7)	Do not known/ Not available
Having a mortgage is a major step in life	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Strongly disagree (1)	(2)	(3)	Neither agree or disagree(4)	(5)	(6)	Strongly agree (7)	Do not known/ Not available
(7)								
Yes, there are other companies, but I would rather stay with mine, it makes the process much easier (8)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I contacted this company because it was recommended to me (9)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I stay with my company because I am not confident using an alternative provider (10)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would much rather deal with someone face to face than over the phone, especially with a mortgage (11)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is important to me that the company I am dealing with has a good reputation (12)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Items

[Randomised answerlist]

Please rate these statements:

Strongly disagree (1)	(2)	(3)	Neither agree or disagree(4)	(5)	(6)	Strongly agree (7)	Do not known/ Not available
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	Strongly disagree (1)	(2)	(3)	Neither agree or disagree(4)	(5)	(6)	Strongly agree (7)	Do not known/ Not available
It is important that I am kept informed throughout the process of getting my mortgage (13)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dealing with different forms and different people is not really 'customer-friendly' (14)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The whole process was so easy, they took care of everything (15)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have dealt with them before so getting a mortgage was really easy (16)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
They also took care of all the other products I needed (17)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Items

[Randomised answerlist]

Please rate these statements:

	Strongly disagree (1)	(2)	(3)	Neither agree or disagree (4)	(5)	(6)	Strongly agree (7)	Do not known/ Not available
I really do not like to tell people about how much money I make, that is very personal (19)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It was important that they guided me throughout the whole mortgage and application process (20)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is not just about the now; this company will look after me for a long time (21)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I do not care about a relationship with this company; I just want the best rate (22)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I choose them because they give independent advice (23)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I prefer not to use call centres because you deal with a different person each time you call (24)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Loyalty

Please rate these statements for (as indicated above):

	Strongly disagree (1)	(2)	(3)	Neither agree or disagree (4)	(5)	(6)	Strongly agree (7)	Do not known/ Not available
I am a loyal customer of my mortgage service provider	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have developed a good relationship with my mortgage service provider	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am loyal to my mortgage service provider	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Items

[Randomised answerlist]

Please rate these statements:

	Strongly disagree (1)	(2)	(3)	Neither agree or disagree (4)	(5)	(6)	Strongly agree (7)	Do not known/ Not available
I choose different companies for other mortgage-related products, to spread the risk (25)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Strongly disagree (1)	(2)	(3)	Neither agree or disagree (4)	(5)	(6)	Strongly agree (7)	Do not known/ Not available
I want to deal with a safe company, because a mortgage is a lot of money (26)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It was important that the advisor had a mortgage too; he/she knew what I was going through (27)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It was more important to get the mortgage than to shop around for a better rate (28)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am confident in their expertise, they know what they are doing (29)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am already a customer; they know me and take good care of me, so why should I go somewhere else? (30)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Overall satisfaction

Please rate these statements for (as indicated above):

	Strongly disagree (1)	(2)	(3)	Neither agree or disagree (4)	(5)	(6)	Strongly agree (7)	Do not known/ Not available
I am satisfied with the service my mortgage service provider provides to me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am satisfied with my overall experience with my mortgage service provider	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
As a whole, I am not satisfied with my mortgage service provider	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Items

[Randomised answerlist]

Please rate these statements:

	Strongly disagree (1)	(2)	(3)	Neither agree or disagree (4)	(5)	(6)	Strongly agree (7)	Do not known/ Not available
It was important that the company was flexible in dealing with me and looking out for my needs (31)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I did not receive any guidance and as a result I will look for someone else in the future (32)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is important that they keep me up-to-date and inform me about new options (33)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Strongly disagree (1)	(2)	(3)	Neither agree or disagree (4)	(5)	(6)	Strongly agree (7)	Do not known/ Not available
They way the deal(t) with me when things go(went) wrong will decide if I stay with them (34)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If the advisor changes company I will consider moving my mortgage with him / her (35)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I will not do business with pushy sales people (36)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is important that the people I am dealing with are good people; they listen, are polite and make me feel comfortable (37)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Word of Mouth

Please rate these statements for (as indicated above):

	Strongly disagree (1)	(2)	(3)	Neither agree or disagree (4)	(5)	(6)	Strongly agree (7)	Do not known/ Not available
I am likely to say good things about my mortgage service provider	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would recommend my mortgage service provider	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Strongly disagree (1)	(2)	(3)	Neither agree or disagree (4)	(5)	(6)	Strongly agree (7)	Do not known/ Not available
to my friends and relatives								
If my friends were looking for a new company of this type, I would tell them to try my mortgage service provider	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Age

Which age range do you fit into?

- 18 - 25
- 26 - 35
- 36 - 45
- 46 - 55
- 56 - 64
- 65 +

Gender

Are you:

- Male
- Female

Education

What is the highest level of qualification you have achieved?

- O Level / GCSE or equivalent
- Vocational degree
- A Level or equivalent
- Bachelor Degree
- Master Degree
- PhD or equivalent
- Other
- None

STOP

Complete – THANK YOU for completing this survey.

THANK YOU for your cooperation and sharing your invaluable insight with us. Please click on the 'OK' button below to send your

|| *responses.*

Appendix L Results Exploratory Factor Analysis EFA
Results EFA

KMO and Bartlett's Test^a

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.779
Bartlett's Test of Sphericity	Approx. Chi-Square	1232.520
	df	210.000
	Sig.	.000

a. Based on correlations

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.721	.724	19

Summary Item Statistics

	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
Item Means	4.948	2.090	6.429	4.338	3.075	1.776	19
Item Variances	3.159	1.324	4.880	3.557	3.687	1.651	19
Inter-Item Covariances	.346	-1.471	2.373	3.844	-1.613	.397	19
Inter-Item Correlations	.111	-.482	.686	1.169	-1.423	.035	19

Total Variance Explained

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings ^a
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	5.940	15.632	15.632	5.353	14.086	14.086	4.374
2	3.076	8.094	23.725	2.439	6.417	20.504	2.303
3	2.251	5.924	29.650	1.599	4.209	24.713	3.096
4	2.177	5.729	35.379	1.529	4.023	28.735	2.416
5	1.728	4.547	39.926	1.078	2.838	31.573	1.759
6	1.579	4.154	44.080				
7	1.382	3.637	47.717				
8	1.346	3.542	51.259				
9	1.296	3.411	54.670				
10	1.225	3.224	57.894				
11	1.097	2.886	60.780				
12	1.058	2.785	63.565				
13	.969	2.550	66.114				
14	.921	2.425	68.539				
15	.901	2.370	70.909				
16	.867	2.282	73.191				
17	.763	2.009	75.200				
18	.749	1.971	77.171				
19	.687	1.807	78.978				
20	.638	1.679	80.656				
21	.628	1.652	82.308				
22	.609	1.603	83.911				
23	.548	1.441	85.353				
24	.526	1.384	86.737				
25	.517	1.360	88.097				
26	.499	1.314	89.411				
27	.491	1.293	90.704				
28	.442	1.163	91.867				

29	.402	1.059	92.926				
30	.387	1.018	93.943				
31	.377	.992	94.935				
32	.349	.919	95.855				
33	.323	.850	96.704				
34	.293	.771	97.475				
35	.284	.747	98.222				
36	.242	.638	98.860				
37	.233	.614	100.000				

Extraction Method: Principal Axis Factoring.

a. When factors are correlated, sums of squared loadings cannot be added to obtain a total variance.

Appendix M Measures of Study Construct

Measures of Study Constructs

EXQ

Respondents rated their customer experience on each scale item using a 7-point scale (1 = *strongly disagree*, 7 = *strongly agree*) with a Do not know/Not applicable alternative on each item. The items below are grouped by dimensions for expositional convenience; they appeared in random order on the survey. The symbols preceding the items correspond to the variables names in Figure 10.

Peace of mind

- PEA1 I am confident in their expertise; they know what they are doing.
- PEA2 The whole process was so easy, they took care of everything.
- PEA3 It is not just about the now; this company will look after me for a long time.
- PEA4 I am already a customer; they know me and take good care of me, so why should I go somewhere else?
- PEA5 I have dealt with them before so getting a mortgage was really easy.
- PEA6 I choose them because they give independent advice.

Moments-of-truth

- MOM1 It was important that the company was flexible in dealing with me and looking out for my needs.
- MOM2 It is important that they keep me up-to-date and inform me about new options.
- MOM3 I want to deal with a safe company, because a mortgage is a lot of money.
- MOM4 It is important that the people I am dealing with are good people; they listen, are polite and make me feel comfortable.
- MOM5 They way the deal(t) with me when things go(went) wrong will decide if I stay with them.

Outcome Focus

- OUT1 Yes, there are other companies, but I would rather stay with mine, it makes the process much easier.
- OUT2 It was more important to get the mortgage than to shop around for a better rate.

OUT3 I stay with my company because I am not confident using an alternative provider.

OUT4 It was important that the advisor had a mortgage too; he/she knew what I was going through.

Product Experience

PRO1 I want to choose between different options to make certain I get the best offer.

PRO2 It is important to me to receive mortgage offers from different companies.

PRO3 Unless I can compare different options I will not know which one is the best for me.

PRO4 It would be great if I could deal with one designated contact through the entire process of getting my mortgage.

Customer Satisfaction

The satisfaction measures consisted of three rating items; respondents indicated their satisfaction on each scale item using a 7-point scale (1 = *strongly disagree*, 7 = *strongly agree*) with a Do not know/Not applicable alternative on each item.

SAT1 I am satisfied with the service my mortgage service provider provides to me.

SAT2 I am satisfied with my overall experience with my mortgage service provider.

SAT3 As a whole, I am not satisfied with my mortgage service provider (reversed score Item).

Loyalty

The loyalty measures consisted of three behavioural items; respondents indicated their behaviour on each scale item using a 7-point scale (1 = *strongly disagree*, 7 = *strongly agree*) with a Do not know/Not applicable alternative on each item.

LOY1 I am a loyal customer of my mortgage service provider.

LOY2 I have developed a good relationship with my mortgage service provider.

LOY3 I am loyal to my mortgage service provider.

Word-of-Mouth

The word-of-mouth measures consisted of three items; respondents indicated their likelihood in engaging in each behaviour on each scale item using a 7-point scale (1 = *strongly disagree*, 7 = *strongly agree*) with a Do not know/Not applicable alternative on each item.

WOM1 I am likely to say good things about my mortgage service provider.

WOM2 I would recommend my mortgage service provider to my friends and relatives.

WOM3 If my friends were looking for a new company of this type, I would tell them to try my mortgage service provider.