AN EXPLORATORY STUDY ON THE ROLE OF EMOTIONS IN SERVICE SATISFACTION AND LOYALTY BEHAVIOURS

THE CASE OF A HOLIDAY RESORT IN SOUTH-EAST ASIA

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A THESIS SUBMITTED

FOR THE DEGREE OF MASTER OF ENGINEERING

DEPARTMENT OF INDUSTRIAL AND SYSTEMS ENGINEERING

NATIONAL UNIVERSITY OF SINGAPORE

2005

Acknowledgements

I would like to thank Dr Chai Kah Hin and Dr Tan Kay Chuan my supervisor and co-supervisor for their guidance and support throughout this research.

I would like to thank Dr. Chai's students for their insights and support throughout this project and for having shared their experience and knowledge with me.

I would also like to thank the managers of the company I worked with, especially Simon and Nathalie, for having given me the opportunity to fulfil my research project and for all the things I have learned when I worked with them.

I also would like to thank all my friends in Singapore for having made this stay in Singapore unforgettable.

I am very grateful to my parents whose constant support was essential among others to the completion of this project.

Finally, I especially would like to thank Frederic who gave me his support, his help and so much more all along our stay in Singapore.

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Summary

This research investigates the relationships between emotion, customer satisfaction and loyalty behaviours in the context of a holiday resort in South-East Asia. A review of the literature reveals that although the role of emotions in the satisfaction formation process has been the focus of a growing literature, their effect on satisfaction and loyalty behaviours remains unclear, especially in the context of extended services such as packaged holiday or vacation in beach resorts which have a high level of emotional content.

This study endeavours to understand the mechanisms underlying satisfaction formation and loyalty behaviours. In this project, emphasis is put on the temporal dimension of service, by distinguishing several phases during the service experience and by identifying the peak events. Along the various phases of the service, the different emotions elicited among customers and the conventional expectation-disconfirmation model are taken into account. The primary aim of this research is to answer the question of how customer emotions affect customer satisfaction and loyalty behaviours in extended services, and more specifically (i) what are the emotions which affect customer satisfaction and loyalty in extended services? (ii) What is the impact of emotions at different phases of extended service on overall customer satisfaction and loyalty? The research focuses on emotions, disconfirmation of expectations and post-consumption processes. With the help of

an international holiday resort company, the interactions between these concepts, using a temporal perspective of the service experience, were tested in a holiday resort through a questionnaire survey at the end of the respondents' holiday. Statistical analysis is then conducted to study those interactions, as well as the effect of the length of the stay and peak events on post-consumption processes.

The research process consisted in two phases: (i) the development of a survey instrument to measure emotions, disconfirmation of expectations, satisfaction and loyalty, based on literature and preliminary interviews with relevant managers of the hospitality industry, (ii) survey of the population of a South-East Asian resort over a 15-day period.

Survey findings suggest that (i) negative emotions are negatively related to satisfaction and loyalty, while positive emotions have no causal effect on satisfaction and loyalty, (ii) the duration of the experience has a moderating effect on the impact of emotions since their importance appears to be greater when the experience is shorter, and a phenomenon of attenuation of effect of emotions over time has been observed, (iii) previous stages of the service significantly impact subsequent stages of service.

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Chapter 1   Introduction

1.1 Research background

Since services are by nature intangible, inseparable, heterogeneous and perishable (Kotler and Armstrong, 1994), service literature has emphasized customers' satisfaction as the desired output of the service transaction, where extensive research has been conducted to understand the factors and processes leading to customers' satisfaction. However, whilst loyalty behaviours have been acknowledged as very profitable for companies to leverage their revenues, their relationship with satisfaction does not seem to be as straightforward as researchers and practitioners had first thought (Hennig-Thurau and Klee, 1997).

In the travel and tourism industry in particular, the role of external influences (e.g., friends, relatives, literature, media) is especially important in the purchase decision-making process (Swarbrooke and Horner, 1999). A deeper understanding of loyalty behaviours such as word-of-mouth is hence required to improve service experiences.

In the past two decades, the interest in emotions and in their impact on satisfaction (and lately on loyalty) has led to the recognition of their significant role in satisfaction formation (see for example, Westbrook, 1987; Pullman and Gross, 2003). Their role is all the more important in the travel and tourism industry since

customers feel emotionally involved in their holiday, forasmuch as tourism services constitute an infrequent but high value purchase and they may be subject to very high expectations. For instance, a couple may hope that a holiday will put strength into a failing marriage (Swarbrooke and Horner, 1999).

Adding to this, in the case of extended service encounters where interactions between service provider and customers are frequent and rather long, emotions may be supposed to weigh more on satisfaction and loyalty than in the case of a short service encounter. In the hospitality industry and in a package holiday in a resort especially, the length of the stay and the different experience occurring during the stay are thought to be additional factors to take into consideration to achieve customer satisfaction.

We chose to do our study in the travel and tourism industry not only because the types of experiences it provides are relevant to our research focus, but also because the tourism sector is a main actor of a country's economy. A recent study by the World Tourism & Travel Council (2004) in South-East Asia showed that this industry is expected to generate USD145.5 billion of economic activity, including more than 7 million jobs. However, the tourism and travel industry touches all sectors of activities, and it is expected to generate more than 19 million jobs. In particular, we chose to focus on the hospitality industry that offers its customers an extended service experience, where emotions hold an important place (Barsky and

Nash, 2002; Todd, 2001). Besides, customer service in Asia is reputed for its high standards (e.g., Barsky and Dittmann, 1990) that make it more challenging for the industry players to provide the expected level of service. In this context, understanding the dynamics of emotions during the service experience is a good opportunity to reach those high standards and thus achieve better customer satisfaction.

This research focuses on emotions during service experience and their impact on satisfaction and loyalty. The role played by emotions on post-consumption processes such as satisfaction and loyalty has been acknowledged in the service literature (Westbrook, 1987; Pullman and Gross, 2003), but a full understanding has not been achieved yet. Especially, the role and importance of emotions may vary depending on the nature of service: as Richins (1997) stated, emotions are context-specific. We thus chose to study the case of a service with a high emotional content, so that emotions will not be a secondary outcome of the service experience but a desired outcome (Holbrook et al., 1984). We applied our theory in the context of a holiday in a resort in South-East Asia. An experience such as a holiday lasts over several days and it can be considered as an extended service encounter, where interactions between the customer and the service provider are likely to occur at different points during the service transaction (Arnould and Price, 1993; Dube and Morgan, 1996; Dube and Menon, 2000).

1.2 Research objectives

This study endeavours to understand the mechanisms underlying satisfaction formation and loyalty behaviours, specifically word-of-mouth and re-purchase intentions. In this project, we will particularly consider the time dimension of service by distinguishing several phases during the service experience and by identifying the peak events. Along the various phases of the service, we will take into account the different emotions elicited among customers and the expectation disconfirmation model that has been recognized as the paradigm to explain satisfaction. This study will hence attempt to answer the following research question and its two sub-research questions:

❖ *How do emotions affect satisfaction and loyalty in extended services?*

o *What are the emotions which affect customer satisfaction and loyalty in extended services?*

o *What is the impact of emotions at different phases of extended service on overall customer satisfaction and loyalty?*

We will first review the literature relevant to our study, in the areas of emotions, satisfaction, loyalty behaviours, and other studies related to the relationships and interactions between these three main topics. These reviews will allow us to build a theoretical framework and to build hypothesis that will be thereafter empirically

tested in the context of holidays in a South-East Asian resort that provides all-inclusive (e.g., meals, resort facilities) stays.

This thesis will help improving the understanding of the interactions between emotions, satisfaction and loyalty all along the service experience and help service providers, especially in the travel and tourism industry, to identify the key moments of their customers' experience and the key emotions that have to be particularly looked after to achieve satisfaction and loyalty.

1.3 Thesis structure

This thesis is divided into six chapters, the content of which will be described in the following paragraphs.

Chapter 2 presents a review of relevant literature to help us to have a better understanding of the concepts pertaining to our project. Emotions will first be discussed, starting with a broad notion taken from the psychology area to narrowing down to the more specific concept of consumption emotions. Satisfaction and loyalty behaviours will be the topic of the subsequent part, while the third part will focus on service and its characteristics. Finally the relationships found hitherto between emotions and post-consumption processes in a service context will be reviewed, before we conclude with our research questions.

Chapter 3 introduces our proposed framework and provides an insight into its components and their relations. Hypotheses will be formulated regarding these elements of the framework based on previous research.

Chapter 4 gives a description of our research methodology and of the elaboration of the survey instrument.

Chapter 5 consists in the presentation of the results of the statistical analysis of the data we collected. A discussion of these results, how they support our theory and how they can be related to existing literature will follow.

The thesis ends with a conclusion that sums up our research findings. Its implications for theory, as well as for practice of hospitality industry players, are highlighted. Finally, we present the limitations of our study and some suggestions for further research.

Chapter 2   Literature review

2.1 Introduction

This chapter aims at presenting an overview of previous work relevant to our research topic. We first discuss the broad notion of emotions to subsequently focus on the more specific concept of consumption emotions. Second, we will try to gain an insight into satisfaction and other post-consumption processes. The third part presents the characteristics of service, from a service provider point of view and from a customer point of view. The fourth part endeavours to describe the role of emotions within service consumption, from their formation before, during or after consumption to their impact on satisfaction and other post-consumption processes. Finally, we present our research questions based on the gaps identified.

2.2 Emotions

2.2.1 Emotion, affect and mood

In the literature, little distinction has been done between emotion, affect and mood (Batson, Shaw and Oleson, 1992). However, it is possible to distinguish these notions between each others.

Affect generally refers to the feeling side of consciousness, in contrast to the cognitive side of consciousness, this-is-to-say thinking. Here, feeling includes "pleasure and displeasure, happiness and sadness, liking and disliking, and the

psychological and visceral sensations brought on by the neural-hormonal bodily systems". As for emotions, they are considered as including arousal, various forms of affect, and cognitive interpretations of affect. Emotion is hence more cognitively involved than affect (Oliver, 1993).

Another way of differentiating affect and emotion is by their intensity: Fell (1977) made such a distinction saying that a mild affective state corresponds to affect whereas an intense one corresponds to an emotion.

Distinction between emotion and mood is more obvious: Fell (1977) pinpoints that mood is different from emotion inasmuch as the source of mood is difficult to determine and mood generally lasts a long time whilst emotions may be characterized by their short lifetime and by the fact that they are stimulus specific. Moreover, emotions are considered more intense than moods.

Some researchers argue that moods "may be elicited and maintained without conscious awareness of the feeling state, its cause or its influence on current activities" (Liljander and Bergenwall, 1999; Morris, 1989). And Cohen and Areni (1991) suggest that emotions are triggered by specific stimuli, are more intense and hence demand attention.

Although theoretically mood and emotion seem to be easy to differentiate, Liljander and Bergenwall (1999) highlight the fact that, in practice, the task of isolating mood from emotion is rather difficult since mood is an affective state people might be unaware of.

2.2.2 A definition of emotion

To fully understand what emotion is, all its various components should be considered collectively. These can be for example the adaptive behaviours and the physiological and physical responses accompanying emotions, as well as the cognitive appraisals of events that elicit emotions (for a thorough review, see Dube and Menon, 2000). In this perspective, Scherer (1984) defines emotions as "distinct patterns of organized, integrated processes that include antecedent events, physiological and neurological responses to these events, the appraisal activity brought to bear on these events, the motor reactions and action readiness that accompany the feeling state, as well as the correlated motives and behaviours" (Dube and Menon, 2000).

The integration of different stages in emotions' origination has also been conceptualised by Kleinginna and Kleinginna (1981). After an extensive review of the various definitions of emotions in the literature, they attempted to uncover a consensual definition of emotion. They categorized the main characteristics of emotions and built a concept of emotion constituted of an evoking stimuli, different internal reactions, observable manifestations and consequences (Figure 2-1).

| Evoking stimuli | Internal reactions | Observable manifestations | Consequences |
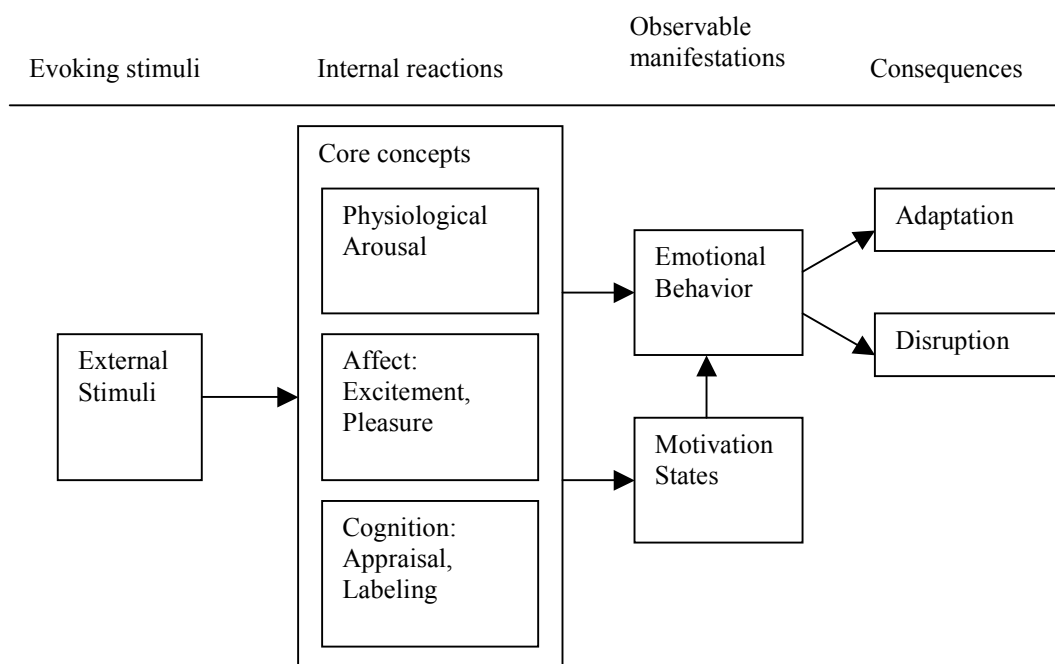
Figure 2-1:   The concept of emotions according to Kleinginna and Kleinginna (1981), adapted from Oliver (1997).

2.2.3 Consumption emotions

Consumption emotions, commonly referred as the set of emotional responses elicited by consumption experiences, have since a few decades increasingly been studied in the consumer research area.

It has been acknowledged that consumption experiences involve utilitarian and hedonic aspects, tangible and intangible aspects as well as objective and subjective components (Holbrook, Lehmann, and O'Shaughnessy, 1986). Emotional aspects of consumption are more or less present and are important in each consumption experience (Holbrook, 1986).

2.2.3.1   Applying the concept of dimensionality of emotions

There are two main schools of thought about emotions; one considers emotions as a

dimensional concept, which could be either one-dimensional by emotions varying along an evaluation (e.g., good-bad) dimension (Fishbein and Ajzen, 1995), or multi-dimensional with an evaluation dimension and an intensity dimension (e.g., vivid-mild) (Schlosberg, 1952; Shaver et al. 1987), also known as pleasantness and arousal in Russell (1980), Mano (1991), Roberts et al. (1994) and Buck and Georgson (1997) work.

The second school of thought proposes a theory of primary affects (basic emotions) that are biologically based (e.g., joy, fear, anger…) (Izard, 1977) and that can blend into secondary emotions (e.g., envy, pride).

Based on the two above theories, two emotional typologies have emerged for the assessment and measurement of consumption emotions: the eight emotional categories (fear, anger, joy, sadness, disgust, acceptance, expectancy and surprise) proposed by Plutchik (1980), and the three dimensions (pleasure, arousal and dominance), suggested by Mehrabian and Russell (1974)

A study made by Havlena and Holbrook (1986) has resulted in the recognition of the three dimensional model of Mehrabian and Russell as the best model to capture consumption emotions. Additionally, an other study by Havlena, Holbrook and Lehmann (1989) has resulted in the assertion that Plutchik's scheme is a good predictor of the clustering of "words" describing the emotional experience while the Mehrabian and Russell's scheme is better in representing the dimensions of the emotional content of experiences (called "deeds"). According to this study, both schemes are relevant to describing the two facets of the consumption experience,

namely "words" versus "deeds".

However, in most of the literature that dealt with a multidimensional emotional space, only two dimensions have been identified: evaluation (e.g., good-bad) and intensity (e.g., vivid-mild). The dimension of dominance is often not included. This two-dimensional space is referred to as the affect circumplex.
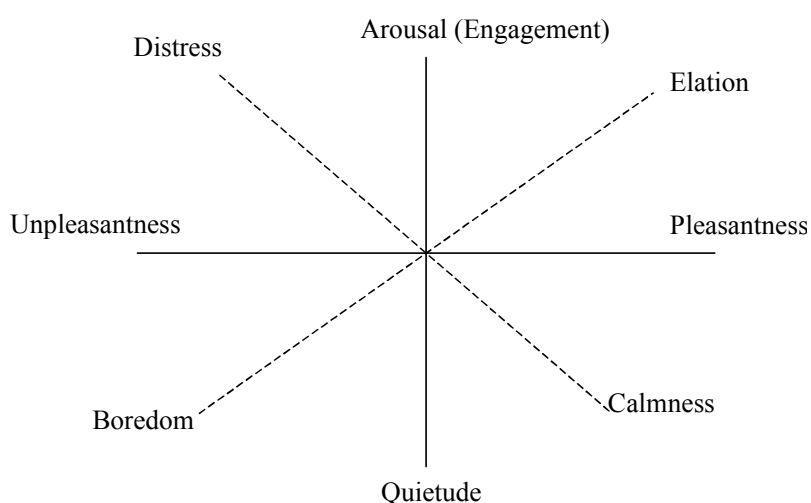
Figure 2-2:   **The Affect Circumplex, adapted from Oliver (1997).**

Another way of considering the dimensionality of the psychological space that comprises consumption emotions has been studied by Westbrook (1987), Westbrook and Oliver (1991): Westbrook (1987) distinguished a two-dimensional space constituted of a positive affect dimension and a negative affect dimension; Westbrook and Oliver (1991) added to this model a second positive affect dimension, the interest dimension.

2.2.3.2   Measuring consumption emotions

Based on the different theories about emotions, different measurement scales have

been developed.

The theory of the basic emotions, developed by Izard (1977) and Plutchik (1980), has led to three measurement scales:

- the *Emotions Profile Index* (Plutchik and Kellerman, 1974) contains 62 forced-choice emotion descriptor pairs; responses are then transformed to represent each of the eight emotions.

- Holbrook and Westwood (1989) developed their own shorter version of this measurement scale: it contains three adjectives for each emotion and an intensity scale.

- the 10 basic emotions identified by Izard (1977) (interest, enjoyment, surprise, sadness, anger, disgust, contempt, fear, shame/shyness, and guilt) are assessed using the *Differential Emotion Scale (DES)*. The most commonly used form of the DES is the DES-II that contains 30 items, each of them measuring one of the 10 Izard's basic emotions.

However, the theory of basic emotions, and thus these measurement scales, has been called into question since it does not clearly explain the mechanisms through which the others emotions are formed (they are supposed to be the result of a blending of the basic emotions) (Ortony and Turner, 1990). It has also been underlined that these measurement scales contain more negative emotions than positive ones, and thus bring to the fore the need to uncover a broader range of emotions (Laverie, Kleine and Kleine, 1993; Mano and Oliver, 1993).

The Russell and Mehrabian's theory of pleasure-arousal-dominance gave rise to a

measurement scale called PAD (pleasure-arousal-dominance) scale. The main objective of this scale is rather to measure the emotional responses to environmental stimuli than to measure the entire range of emotional responses (which is the previous scales' objective). It contains 18 items, 6 of which measure one of the dimensions. With regard to the theory on which PAD scale is based, it measures more the dimensionality of the emotional responses than it gives an insight of all the specific emotions elicited by the consumption experience.

Advertisement and the emotions it elicits have been the focus of many researchers; Batra and Holbrook (1990) and Edell and Burke (1987) have for example developed their own scales to measure the emotions induced by advertisement. However, it has been acknowledged that emotions induced by advertising are different from emotions induced by consumption since the former involve more attention and cognitive processes. Moreover, emotions induced by advertising present a level of intensity that is much lower (Aaker, Stayman and Vezina, 1988) than the level of intensity reached during a consumption experience. It has also been highlighted that the range of emotions elicited by advertising is certainly broader than the range of emotions elicited by consumption (Richins, 1997).

According to Richins (1997), emotions within the consumption experience have drawn the attention of many researchers; nevertheless, no specific measurement scales have been developed for the consumption context. Richins highlights the fact that the previous described measurement scales miss some emotions that are important to consumers, such as love, and that they use uncommon terms or are

confusing. She also highlights the fact that none of these measurement scales is specific to emotions within consumption experience, whereas emotions are typically context specific. Hence, she designed a measurement scale, called *Consumption Emotion Set* (CES) that should be able to measure emotions most frequently elicited in a wide range of consumption situations. The CES contains 16 emotion clusters (anger, discontentment, worry, sadness, fear, shame, envy, loneliness, romantic love, love, peacefulness, contentment, optimism, joy, excitement, surprise) and other items, such as guilt, pride, eager and relief; each of these clusters can be described by two or three adjectives.

Ganglmair and Lawson (2002) developed a construct in order to measure emotional responses (including satisfaction, given their view of satisfaction as an emotion) regarded as "possible unfavourable/favourable responses to an experience". Their construct, called *Affective Response to Consumption* (ARC), aims to measure unfavourable/favourable consumption emotions especially at the very positive end of the dimension. Ganglmair and Lawson have indeed emphasized the lack of accurate measurement of the very positive emotions; they argued that the distinction between a happy customer and a very happy or delighted customer was not clear enough according to the existing measurement scales.

Among researchers, no consensus has been found as to the best way of measuring emotions. Although the DES and DES-II (Izard, 1977) have been used in a significant number of studies (Liljander and Strandvik, 1996), no measurement has emerged as the paradigm. Instead, many researchers have developed their own

measurement scales to better fit the type of service they focused on (Liljander and Strandvik, 1996; Dube, Belanger and Trudeau, 1996). Richins (1997) highlighted that emotions are context-specific and thus, no consensual measurement scale could be achieved. Each measurement should be adapted to the context it is applied to. Hence, we will develop our own emotion measurement scale, based on literature review and insights from relevant managers (see Chapter 4).

2.3 Satisfaction and other post-consumption processes

2.3.1 Towards a definition of satisfaction

Throughout the literature, defining satisfaction has received much attention. However, no consensus has been achieved although examining satisfaction has been the focus of more than 15,000 research papers in the last two decades (Peterson and Wilson, 1992).

As a result, many theories and definitions have emerged. Giese and Cote (2000) propose a broad review of the main definitions proposed in the literature. They tried to analyse in the literature the common elements that appeared in the miscellaneous definitions of satisfaction and in the consumers' definitions of satisfaction. From their analysis, three common ideas were uncovered:

- satisfaction is a *response*

- satisfaction is a response pertaining to a specific *focus*

- satisfaction occurs at a specific *time*

The purpose of the following paragraphs is to expose some of the main theories of

satisfaction that arise in the literature. These theories are divided into three categories: the ones that hold satisfaction for a cognitive process, the ones that hold it for an affective process, and finally, the ones that hold it for both a cognitive and affective process.

Satisfaction as a cognitive process

The research papers that mention satisfaction as a cognitive process generally present satisfaction as an evaluation, based on the difference between the product or service performance and some pre-purchased standard. Fornell (1992) conceptualises satisfaction as an overall evaluation that occurs after the purchase of the product whereas Westbrook (1987) conceives satisfaction as a global evaluative judgment that is shaped during consumption or usage. Westbrook and Oliver (1991) present satisfaction as a post-choice evaluation pertaining to a specific purchase selection. In our model, we will consider the gap between service performance and expectations as one of the antecedents of satisfaction.

Satisfaction as an affective process

In contrast, Halstead, Hartman, and Schmidt (1994) define consumer satisfaction as an affective response to the product performance compared to some pre-purchase standard. The idea of considering satisfaction as an affective response has also been emphasized by Westbrook and Reilly (1983) who define satisfaction as "an emotional response to the experiences provided by and associated with particular

products or services purchased, retail outlets, or even molar patterns of behaviour such as shopping and buyer behaviour, as well as the overall market place".

This point of view has been recently supported by the work of some researchers (e.g., Gardial et al., 1994; Fournier and Mick, 1999; Giese and Cote, 2000; Nyer, 1998; Ganglmair and Lawson, 2003) who place satisfaction, pleasure, happiness, etc in the same category of concepts, this-is-to-say emotions.

Satisfaction as a cognitive and affective process

Blending the two different point of views on satisfaction, cognitive and affective, Oliver (1993) defines satisfaction as the consumer's fulfilment response and as "a judgment of a pleasurable level of consumption-related fulfilment, including levels of under- and over-fulfilment". In the same view, Mano and Oliver (1993) qualify satisfaction as an "attitude, like post-consumption evaluative judgment varying along the hedonic continuum". These theories bring out the two aspects of satisfaction that comprises cognitive as well as affective components. Other researchers have also highlighted the duality of satisfaction, saying for example that satisfaction is an "emotional response triggered by a cognitive evaluative process" (Westbrook and Reilly, 1983).

2.3.2 A review of the theories explaining satisfaction

Satisfaction has been the focus of many research works and consequently, different theories trying to explain satisfaction and its formation have been developed. Pizam

and Ellis (1999) list nine main theories of customer satisfaction that have received diverse degrees of attention and that have not necessarily been verified empirically. These nine theories are:

- *expectancy disconfirmation*: the expectancy disconfirmation emerged as the paradigm to explain satisfaction; the next section will give an in-depth insight of this model.

- *assimilation or cognitive dissonance*: the dissonance theory (also known as the assimilation theory) and the contrast effect have been borrowed from the consumer behaviour area. The assimilation theory states that people tend to actualise their expectations according to their prior experiences with the product so that the actual performance of the product will tend to meet their expectations, hence not exceed nor fall short of them. In other words, customers will rather underestimate the gap between performance and expectations.

- *contrast*: the contrast effect consists in a tendency to "exaggerate the discrepancy between one's own attitudes and the attitudes represented by opinion statements endorsed by other people with opposing views" (Dawes, Singer and Lemons, 1972). In other words, by applying this concept in the context of consumption, customers will perceive a bad performance of service or a bad product worse than it is in reality and a good performance of service or a good product better than it is.

- *assimilation-contrast*: this theory combines assimilation and contrast theories. Figure 2-3 summarizes both the assimilation and contrast theories. According to

this theory, given a point of reference that may be expectations in the case of consumption, a person will tend to assimilate the product or service performance if it is close to the point of reference and to contrast performances discrepant from the point of reference.
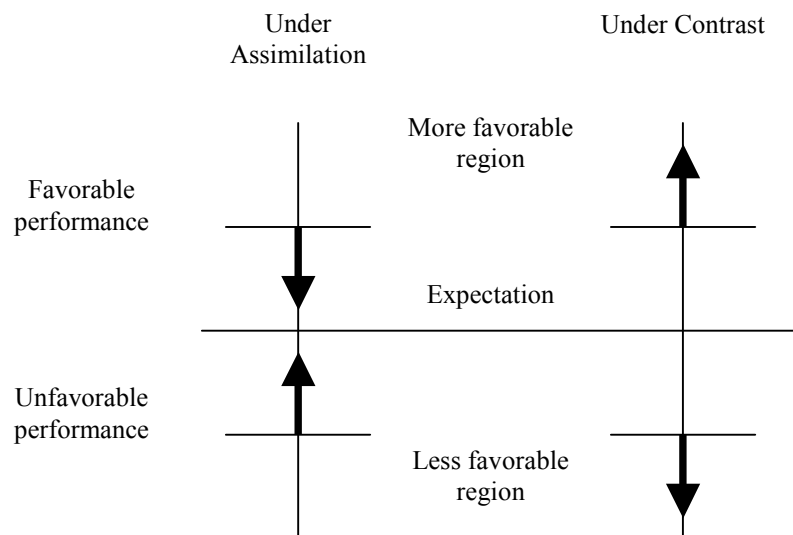
Figure 2-3:   The Assimilation-Contrast theory, adapted from Oliver (1997)

- *equity*: first developed by Adams (1963), this theory states that people will analyze the ratio of their outcomes and inputs to the outcomes and inputs of the other party in the exchange (e.g., the service provider).

- *attribution*: if customers attribute failure to meet expectations as the "fault" of the product or service, they will be more dissatisfied than if they attribute the failure to chance factors or to their own behaviour.

- *comparison-level:* this theory states that the level of satisfaction is determined when the actual perceived level and the comparison level are evaluated. The comparison level is "the standard against which a member evaluates the attractiveness of a relationship" (Thibaut & Kelley, 1959, p.21).

- *generalised negativity*: this theory proposes that any disconfirmation of expectations, either negative or positive, will lead to a lower evaluation of the product of service than if there were no disconfirmation (e.g., Olson and Dover, 1979).

- *value-percept disparity*: this theory suggests that satisfaction increases as the disparity between customers' perceived service values and the customer's own values decreases (Westbrook and Reilly, 1983).

Oh and Parks (1997) proposed a more detailed and critical review of these miscellaneous theories.

Among these nine theories, the expectancy disconfirmation model has been the most popular and therefore has been the source of many discussions about its correctness and its ability to explain satisfaction accurately.

Because of its importance in the satisfaction literature and its adoption in industry, the expectancy disconfirmation model will be the focus of the next paragraph.

2.3.3 The expectation-disconfirmation model

The expectation-disconfirmation model has been derived from the assimilation-contrast theory.

It claims that disconfirmation of pre-consumption expectations is the key factor to customer satisfaction. The process of satisfaction formation may be divided into different steps that consist successively in the formation of expectations about the likely performance of the product or service, the evaluation of the actual

performance and finally the comparison of performance and expectations.

Positive disconfirmation occurs when performance exceeds expectations and it results in satisfaction. Negative disconfirmation occurs when performance is below expectations. Zero disconfirmation, also known as confirmation, occurs when performance meets expectations.
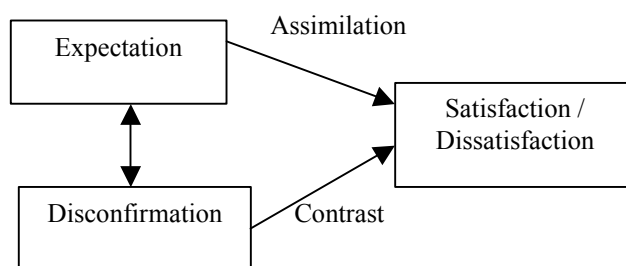
Figure 2-4:   The basic expectancy-disconfirmation model, source: Oliver (1997).

Empirical evidence has been found to support this model (Yi, 1990); however, criticisms towards this model arose, saying among others that it does not give a complete picture of the satisfaction formation process (Spreng, MacKenzie and Olshavsky, 1996).

The first flaw pinpointed by researchers is the inappropriateness of the model under certain circumstances; for example, if a customer has very poor expectations of a product or a service, can we say that he will be satisfied if his expectations are met? This poses the problem of defining expectations. Like satisfaction, expectations have been defined differently in the satisfaction literature. Some researchers see expectations as primarily perceptions of the likelihood of an event (Westbrook and Reilly, 1983; Westbrook, 1987) whilst others describe expectations as an estimate of the likelihood of an event combined with the assessment of the goodness or badness of this event for the consumer (Churchill and Surprenant, 1982). Spreng, MacKenzie

and Olshavsky (1996) insist on the importance of discerning the predictive expectations from judgments that implicitly require other standards of comparison.

The second flaw of using expectations as a comparison standard is that expectations are very likely to change over time (Oliver, 1993) and having a stable comparison standard to explain satisfaction is preferable. Other variables that may moderate the relationship between expectations, perceived performance and satisfaction have been addressed. These include the degree of confidence in one's expectations (Spreng and Page, 2001) or the nature of the product or service, which might imply vague expectations, for example in the case of extraordinary experience (Arnould and Price, 1993).

Many researchers have hence proposed other standards to compare performance with, such as desires (Spreng, MacKenzie and Olshavsky, 1996) or desired end-states (Woodruff and Gardial, 1996).

Furthermore, research has shown that satisfaction was not the result of expectation disconfirmation only but could also be affected by the perceived performance (Churchill and Surprenant, 1982).

The expectancy disconfirmation paradigm has been criticized for not giving a complete picture of the satisfaction formation process. With the increasing understanding of consumption emotions as reflected in the consumption literature, satisfaction is increasingly seen not only as a cognitive response to consumption but also as having an affective dimension. Emotions have been acknowledged as having a significant influence on satisfaction. Researchers have thus tried to integrate

consumption emotions in the expectancy-disconfirmation model (Phillips and Baumgartner, 2002). The role of emotions in satisfaction will be discussed in Section 2.5.4.

2.3.4 Loyalty, word-of-mouth and re-purchase intentions

2.3.4.1 <u>Loyalty</u>

According to Oliver (1997), loyalty is a "deeply held commitment to rebuy or repatronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behaviour" (p. 392). Loyalty shows in customer's attitudes through behaviours such as word-of-mouth, re-purchase acts or resistance to alternatives. Hence, loyalty is particularly crucial to companies since it leads to an increase of profits, to more predictable sales and to positive word-of-mouth (Arnould, Price and Zinkhan, 2004).

2.3.4.2 <u>Word-of-mouth</u>

Word-of-mouth transmission "consists of informal communications directed at other consumers about the ownership, usage, or characteristics of particular goods and services and/or their sellers" (Westbrook, 1987). Dichter (1966) proposes that word-of-mouth transmission is the result of the consumer's involvement in the product or service. There are three types of involvement: product involvement (the user is concerned with the product/service and the benefits it provides), self-involvement (the user is looking for the recognition of others by owning or

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consuming the product/service) and others involvement (the user aims at helping other consumers by sharing with them his or her experience of the product/service). These types of involvement rely significantly on affect and affective response to consumption. In a study, Westbrook (1987) found that affect and word-of-mouth are related and suggested that the more notable the affective aspects of consumption is, the more likely the consumer is to share with others his experience, irregardless of the level of satisfaction or dissatisfaction.

2.3.4.3   <u>Re-purchase intentions</u>

While attaining a high level of customer satisfaction has long been seen as equivalent to retaining customer, the relationship between satisfaction and customer retention has been found to be not as straightforward as previously thought (Hennig-Thurau and Klee, 1997). Different studies, based on real purchasing data, have shown that the relationship between satisfaction and customer retention is rather weak, even inexistent in certain cases. For example, Reichheld (1993) found that "65% to 85% of the customers who defect say they were satisfied or very satisfied with their former supplier".

Another way of estimating customer retention is to evaluate customers' re-purchase intentions rather than real purchasing data. Re-purchase intentions are somehow easy to measure since satisfaction and intentions are generally measured in the same questionnaire. However, Hennig-Thurau and Klee (1997) found that satisfaction and re-purchase intentions, when measured in the same questionnaire, are likely to be

highly correlated and this correlation might sidestep the issue of the satisfaction-retention relationship. Another problem pertaining to re-purchase intentions is that their predictive value depends "on the product, the measurement scale, the time frame, and the nature of the respondents" (Bolton, 1998). Being aware of these limitations, researchers must be cautious when analysing the relationship between customer's satisfaction and re-purchase intentions.

2.4 Service

2.4.1 The nature of service and its evidence

2.4.1.1 <u>The nature of service</u>

Contrary to products, services are characterized by their intangibility: products tend to be tangible whereas services tend to be intangible (Shostack, 1977). Over the years, researchers have tried to identify the characteristics of service. Among others, marketing theorists Kotler and Armstrong (1994) have proposed the following four statements to characterize service and distinguish it from products:

- Services are *intangible*: services, and especially in the tourism area, cannot be seen or tasted or tested before purchase.

- Services are *inseparable*: there is an overlap between the production of the service, its performance and its consumption.

- Services are *heterogeneous*: it is difficult for the service provider to provide the same level of service for all its customers and at every time of the consumption

process.

- Services present a *lack of ownership*: the consumer never owns anything at the end of the service transaction; the final consumer satisfaction is considered as the outcome of the service and therefore, service has a significantly emotional content for the consumer.

2.4.1.2   The evidence of service

Bitner (1993) endeavours to determine what she calls the "evidence of service", this-to-say the clues the customer relies on to judge the service. Knowing this evidence of service will help companies to know the intangibles and tangibles customers rely on to evaluate services prior to purchase, to compare different service alternatives and to judge the quality of service after it has been experienced (Zeithaml, 1981). According to Bitner (1993), the three main components of the service evidence are people, process and physical evidence.

Contact employees
Other customers

People

Operational
Flow of activities
Steps in Process
Flexibility

Process

Physical evidence

Tangible
Communication
Price
Servicescape
Guarantees
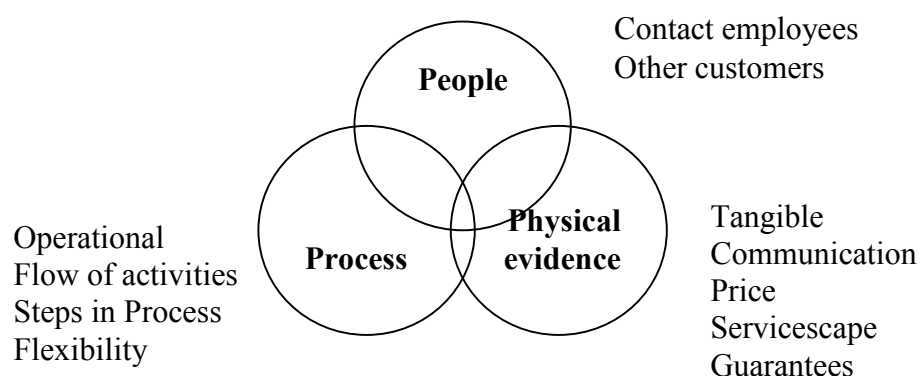
Figure 2-5:   The evidence of service, source: Bitner (1993).

First, people that could be either contact employees or other customers play an important role during the service consumption and hence influence the customer's

assessment of the service. Their role can be crucial, depending on the nature of the service. For instance, Hartline, Maxham and McKee (2000) underline the critical role of frontline employees on customer satisfaction. The second category of clues on which the customer may base its judgment is the physical evidence that includes all the tangible representations of the service or the service providers, such as advertisement, letters, price or service guarantees, and the physical environment or servicescape. Finally, the process, or the operational flow of activities, also helps customers to assess the service. The process may be standardized or highly customized.

In the context of a holiday, Gyimothy (2000) emphasizes the importance of people (interpersonal encounters) and things (tangible elements) as cues used by the consumer to assess the service provider performance. These cues are used by all types of tourists, since Gyimothy distinguishes four categories of tourists based on their "traveller mythologies", whereas the process has a different importance depending on the category of tourists.

2.4.2 Time and duration

According to prior research, the way customers perceive an experience or a service depends on how the experience is structured over time and how it is strengthened thereafter (Chase and Dasu, 2001; Pine and Gilmore, 1998).

Chase and Dasu (2001) highlight the importance of the sequence and the duration, as well as the trend of the sequence. They assert that generally people recall only the

most significant events in an experience rather than every moment; hence, they emphasize the importance of peak events, of a trend in the sequence and of the sequence ending. The following paragraphs will provide a better insight of these three key time elements of experience.

2.4.2.1   Service as a sequence of events

As mentioned before, service might be seen as a process that comprises different activities. Taking a customer's point of view, Johns and Clark (1993) propose that services may be analysed using the sequence of customer-provider encounters. Mattsson and colleagues (1996) have further develop this sequential approach of service, stating that temporally extended service experiences may be split into basic sequences, such as transport, accommodation, attraction and catering services in the case of holiday experience (Chadee and Mattsson, 1996). In another study by Stauss and Weinlich (1997), the researchers endeavoured to assess service quality applying the sequential incident technique. In the context of a club-resort, they found support to use a sequential approach to evaluate service.

However, in the context of tourism experiences, Gyimothy (2000) disputes the relevance of a sequential view of the tourism experience, asserting that customers perceive their destination and their holiday as a holistic experience that exists only as a whole in their mind. Although it is proper to point out the inaccuracy of a sequential conceptualisation of service on an operational and supply chain basis, it is still interesting to examine Chase and Dasu (2001) perspective inspired by

behavioural science. They infer that people generally do not recall the whole experience but only a selection of significant events that happened during the experience. Their argument is based on findings in behavioural science, where researchers have found mechanisms such as negative time preference (the sequences in which the most preferred outcome happens at the end are preferred to the sequences in which the most preferred outcome happens at the beginning), and the peak-end effect (Kahneman, Wakker, and Sarin, 1997), that states that the most important events in the overall assessment of the sequence are the final event and the most extreme event. Some service researchers have tried to apply these theories on ideal sequence of events. For instance, Bolton and Drew (1992) emphasized a strong start of a service encounter whereas Chase and Dasu (2001) rather emphasized a strong end.

However, Verhoef, Antonides and de Hoog (2004) note that most of these theories have not been tested in a service context, that is why they attempted to develop a model combining theories on sequence of events and to test it in a service context. Their model intends to measure experience utility (measured via customer satisfaction) and assumes that experience utility may be explained by the average utility of the outcomes (or the average performance), by the peak-end rule (including both high and low peaks) and by the preferred trend of the sequence. They tested their model in the context of a service call centre in a financial service market. Although their results were not in line with the peak-end rule, they found that average performance and the deviation from this performance influence greatly the

experience utility. One could expect different results in an extended service encounter with a strong emotional content, as a holiday experience can be.

Furthermore, the experiment conducted by Pullman and Gross (2003) in VIP hospitality tents for an international touring performance company lead to the conclusion that time elements have a significant effect on emotions and loyalty. However, their definition of time elements during the service is rather vague and further research is needed to understand the impact of time and sequence of events on emotions, satisfaction and loyalty behaviours in a service context.

2.4.2.2 Duration of service

In the service research area, some researchers have focused on extended service encounters (Dube and Menon, 2000; Arnould and Price, 1993) and have tried to assess the importance of in-process and retrospective emotions on customers' overall evaluation of the service. In the travel and tourism context, the duration of the encounter varies from a day in an amusement park or a night in a hotel to a 15 days holiday. While duration of the service may vary, there are still many occasions for the customer to be confronted with the service provider that is why all tourism experiences may be considered as extended service encounters. However, although duration of a service might be measured objectively, perceptions of time vary from one customer to another, and also from a service experience to another. As Chase and Dasu (2001) stated, "people who are mentally engaged in a task do not notice how long it takes" (p. 80). Another interesting finding is that people tend to

overestimate the time elapsed if the encounter is split into many segments. This leads to the idea that segmenting pleasurable experiences and combining the negative ones will induce a better overall assessment of the service encounter. However, this statement has not been tested in a service context and somehow contradicts the peak-end theory that implies that duration of experience has little or no effect on customer's overall evaluation of the experience.

2.4.3 The customer as a major actor of the service experience

Service is notably characterized by the important role held by consumers since they are involved in the production of the service performance.

2.4.3.1 <u>Customer's expectations of service</u>

Since the customer is in the centre of the service experience, it is important to understand his or her expectations of service in order to be able to reach customer satisfaction.

Parasuraman, Berry and Zeithaml (1991) have done a significant amount of research in order to understand customer's expectations of service, their implications on service perception, and on service quality. They suggest that there are five dimensions that characterize customer's expectations: reliability ("ability to perform the promised service dependably and accurately"), tangibles (the cues of the service evidence, this-is-to-say personnel, facilities, equipment, communication materials), responsiveness ("the willingness to help customers and provide prompt service"),

assurance ("the knowledge and courtesy of employees and their ability to convey trust and confidence"), and empathy ("the caring, individualized attention provided to the customer"). Moreover, they propose that expectations are dual-levelled: customers' expectations have both a desired level and an adequate level that depend upon the situations and hence are rather unstable over time, across customers and situations. In between these two levels of expectations lies a zone of tolerance.

In addition to cognitive expectations that mainly concern service outcome and service performance, researchers have also shown interest in the experiential expectations (Phillips and Baumgartner, 2002), also called affective expectations (Klaaren, Hodges and Wilson, 1994). They assume that in the case of experiential consumption (or hedonic consumption, see Section 2.5.1) people will form expectations about the feelings and emotions that the consumption of the product or service will elicit. Phillips and Baumgartner (2002) studied the reliability of the expectancy disconfirmation model in the case of experiential expectations, whilst integrating consumption emotions into the model. Their findings confirm the results of psychological researchers such as Klaaren et al (1994) that suggested that positive experiential expectations increase positive emotions and negative experiential expectations increase negative consumption emotions. The results of Klaaren et al show that customer's evaluation of the experience were influenced by the enjoyment they had, the agreeableness of their actual experiences, as well as their affective expectations.

However, in the service literature, evidence has been found that prior expectations

had an impact on service perception early in the experience but that the effect of expectations were declining over time (Oliver and Burke, 1999).

2.4.3.2   Customer's needs and their fulfilment

When consuming a service, consumers are likely to be satisfied according to the level of their needs' fulfilment. Based on the Maslow's (1954) hierarchy of needs, some researchers have classified needs into satisfiers and dissatisfiers (Herzberg, 1966) or lower-order and higher-order needs (Wolf, 1970). Depending on the classification of needs, many theories of needs' satisfaction arose, such as Wolf's need gratification theory that assumes that satisfaction / dissatisfaction will ensue from lower-order needs if these are not fulfilled and that once they are unconditionally fulfilled, satisfaction / dissatisfaction will ensue from higher-order needs fulfilment.

2.4.3.3   Moods and personality

In similar manner as contact employees attitudes affect the service encounter, personality and moods of the customer influence the service transaction. For example, Tan, Foo and Kwek (2003) studied the impact of customer personality on the display of positive emotions. They adopt an "emotion contagion perspective" to suggest that the personality traits of the customers will influence the display of positive emotions by contact employees, which will in turn impact customer satisfaction. The importance of customers' moods and personality traits on service

employees' attitudes and service satisfaction holds to the nature of the service encounter which implies by nature an interaction between the customer and the employee. The role of customers' moods on the service encounter has among others been studied by Gardner (1985). Gardner suggested that a consumer's mood may affect one's recall of a service encounter and influence the evaluation of behaviour exhibited during a service encounter. After an extensive review of literature on mood effects on the one hand and on service encounter on the other hand, Knowles, Grove and Pickett (1993) proposed a model to explain how moods influence consumers' responses to a service encounter and vice versa. Although they did not provide empirical evidence of their model but because strong theoretical support was provided, they highlighted the possibility of mood inducement for practitioners to create positive behaviours among their customers.

2.5 Emotions in a service context

2.5.1 Emotional content of service

During the 1980's, the concept of hedonic consumption arose, acknowledging the importance of emotions within the service consumption. Hedonic consumption (Holbrook and Hirschman, 1982; Hirschman and Holbrook, 1982; Holbrook et al., 1984) refers to the consumption experiences, such as aesthetic experiences, playing, and more generally, leisure activities that are known as intrinsically motivated behaviours, which involve "the expenditure of time on activities that produce experiences enjoyed for their own sake" (Holbrook et al., 1984, p. 729).

In the same view, some researchers have classified consumption emotions into goal-directed emotions and reactive emotions (Koelemeijer et al., 1995; Liljander and Strandvik, 1996). Goal-directed emotions occur in services sought for their emotional content, such as a movie or an amusement park, whereas reactive emotions are the emotions elicited by the consumption experience itself, without prior expectations of the consumer. Johns and Gyimothy (2002) report that consumers "perceive theme parks in terms of hedonic experience rather than simply as commercial service offerings". Hence, theme park visitors respond more to the emotional content of the service than to the utilitarian aspects of it. In experiencing a theme park, they look for emotions rather than for other types of utilities offered by the service provider.

Wirtz, Mattila and Tan (2000) flesh out the concept of goal-directed emotions by introducing the moderator effect of target-arousal that refers to the different levels of arousal desired according to the situation, the setting and the characteristics of the customer. The notion of goal-directed emotions as presented here differs from the one of Bagozzi, Baumgartner and Pieters (1998) inasmuch as they consider goal-directed emotions as the ones that produce action in a way to achieve one's goals. This definition enters in a context of motivation and goal-directed behaviours theories, which are not the focus of our research topic. The main difference between the two definitions lies in the fact that Bagozzi's goal-directed emotions are a means to achieve one's goal (regulating body weight in their case) whereas Koelemeijer's goal-directed emotions are goals by themselves. Reactive emotions are seen as the

emotions elicited by the service experience and they can be intentional as well as unintentional.

2.5.2 The antecedents of emotions

2.5.2.1   Attributional theories

Ortony et al. (1988) identified three categories of emotions: event-based emotions, agent-based emotions, and object-based emotions. Event-based emotions are affective reactions to desirable or undesirable events; they include among others emotions such as joy, happiness, sadness. Agent-based emotions are affective reactions to the action of an agent, based on a judgment of appreciation or misbehaviour. Among these agent-based emotions, Ortony et al. distinguish the agent-based emotions where the agent is oneself (this elicits emotions such as shame) or others (this elicits emotions such as anger). Finally, object-based emotions are affective reactions to an object. This type of emotions includes for example love or hate.

However, inasmuch as a distinction is made between positive and negative emotions (Watson and Tellegen, 1985; Weiner, 1985), Weiner (1985) argues that no evidence was found showing that positive emotions could be categorized on an attributional basis, whereas such evidence was found for negative emotions. Weiner proposes that negative emotions can be ascribed to either self responsibility (e.g. shame or guilt), other responsibility (e.g. anger), or situational responsibility (e.g. sadness or anxiety). This attributional framework has been empirically tested and verified by some later

studies (Oliver, 1993; Dubé, Bélanger and Trudeau, 1996). This point of view joins Ortony's classification of emotions into event-based, agent-based and object-based emotions since both theories are built on an attributional basis of emotions.

2.5.2.2   **The role of the service provider in emotions formation**

The service literature exposes mainly two issues that may elicit emotions and that may be managed by the service provider.

The first element the service provider may handle is the design elements of the service experience. Bitner (1990, 1992) has shown the influence of the physical surrounding and employee performance on interactions between customers and employees. Carbone and Haeckel (1994) indorse this theory by stating that customers rely on "mechanics clues" (the physical environment) and "humanics clues" (the relational context) to evaluate the service. Pullman and Gross (2003), hoping to identify the relationships between these two crucial elements of service design and the emotions they elicit among customers, found a relationship between design elements and emotions but only in the case of the so-called basic emotions.

The second element of service that may be controlled by the service provider is the service performance, and hence to a certain extent the perceived performance. Thus, Phillips and Baumgartner (2002) show that consumption emotions are primarily a result of perceived performance, rather than of disconfirmation of expectations.

Their findings confirm the result of previous research that suggested that consumption emotions are a direct result from consumption experience (Westbrook, 1987) and corroborate the weak role of the disconfirmation of expectations in the formation of consumption emotions, contrary to Westbrook and Oliver (1991)'s argument.

2.5.2.3 <u>**The role of individual characteristics in emotions formation**</u>

As mentioned in Section 2.4.3.3, Tan, Foo and Kwek (2003) studied the impact of customer personality on the display of emotions. In their study about movie enjoyment, Eliashberg and Sawhney (1984) suggested that moods (defined as the "desire to seek various emotional states"), stable individual differences (defined based on Zuckerman (1979)'s concept of Sensation Seeking Tendency, which consists in the inclination for certain types and intensity of emotional stimulation), and emotional content of the experience have an impact on the overall enjoyment of a movie. In their study, they showed that "the interaction between the moods and the movie's emotional content determines the actual emotional states achieved by the individual" (p. 1158), and thus provided evidence that individual characteristics such as moods affect emotions formation.

Moreover, regarding the service and its content, emotions will also arise from customers expectations, especially in the case of experiential expectations (Phillips and Baumgartner, 2002; see Section 2.4.3.1), from the disconfirmation of these expectations, and from the degree of fulfilment of the customer's needs (see Section

2.4.3.2).

2.5.3 Emotions and phases of consumption

In satisfaction research, consumption emotions have generally been considered as arising once the consumption act is over, i.e. as being retrospective. However, some researchers have noticed the existence of pre-consumption emotions and in-process emotions and have endeavoured to gain a better insight into these types of emotions.

2.5.3.1 <u>Pre-consumption emotions</u>

Mattila and Wirtz (2000) point out the significant effect of pre-consumption affect on post-consumption judgments. They argue that "pre-consumption affective responses to the service environment might guide consumer's post-purchase evaluations". However, this argument may not be applicable to all services, depending on the duration of the service experience. After all, they measured the role of pre-consumption emotions in the context of relatively short service encounters, i.e. a beauty centre, a dental clinic, a roller coaster ride and a passport section of an immigration department. Although they found that pleasure and disconfirmation of expectations affected global service satisfaction, the conclusions that may be drawn from their findings are limited by the small number of respondents (less than 20 per service studied). Another study by Liljander and Mattsson (2002) confirms that pre-consumption mood affects customers' evaluation of service employees' behaviours. Their study was made in the context of three

services that are private banking, food bought over the counter and travel agency services. In the context of a multiple days hospital stay, Dube and Morgan (1996) found that first-day emotions still have a significant impact on overall satisfaction.

2.5.3.2   In-process emotions

In the context of extended service transaction (such as a stay in a hotel), Dubé and Menon (2000) highlight the role of in-process emotions (that occur during the consumption act) and argue that in-process emotions may shape the emotions experienced during subsequent episodes of the consumption process, as well as the expectations regarding the subsequent episodes and the perceived performance in the following stages of the service experience. This phenomenon of actualisation of expectations and perception of performance will in turn affect retrospective emotions and global assessment of the consumption experience. They concluded that satisfaction judgment may be influenced by retrospective consumption emotions and indirectly, by the "immediate impact of in-process emotions on psychological and interpersonal antecedents of satisfaction in the subsequent phases of the service process". Surprisingly, they did not point to a direct impact of in-process emotions on overall satisfaction. In another study by Dubé and Morgan (1996), the researchers suggest that "retrospective global judgments of emotions are likely to stimulate a detailed search for instances of in-process emotions". They add that, dissimilarly, satisfaction is more likely to be affected by readily available information.

The importance of in-process emotions on overall satisfaction judgment and global

retrospective emotions has also been underlined by other researchers: Kahneman and colleagues suggest that, in the context of extended experience, overall hedonic value is most influenced by peak and final episodes of the experience.

2.5.3.3   Retrospective emotions

Appraisal theories of emotions (e.g., Smith and Ellsworth, 1985) infer that consumers cognitively appraise the performance of the service provider along the valence (positive or negative) and agency (who or what caused the event) dimensions. According to this theory, it is the outcome of this appraisal that characterizes emotions. This appraisal generally happens at the end of the consumption experience. Moreover, emotions have often been considered as a result of expectation disconfirmation or perceived performance, and these evaluations commonly take place only at a post-consumption stage (see Section 2.5.2.2).

2.5.4 The effects of emotions on satisfaction and loyalty

Although acknowledged by researchers for quite some time now (e.g. Westbrook, 1987; Holbrook and Hirschman, 1982), the importance of emotions in the consumption experience was only widely raised recently. This argument has now been provided solid empirical evidence (e.g., Pullman and Gross, 2003, Phillips and Baumgartner, 2002).

However, the role played by emotions during the satisfaction formation process has been debated. At first, emotions were held only for mediators of expectation

disconfirmation and perceived performance on satisfaction (Oliver, 1993); the theory was then extended by including emotions' direct effect on satisfaction and loyalty (Westbrook, 1987; Pullman and Gross, 2003).

To show how emotions have been known to affect satisfaction and loyalty, some researchers have categorised emotions and have studied the influence of each type of emotion on satisfaction:

- Positive emotions have been recognized as having a positive impact on satisfaction while no evidence of negative emotions being necessarily correlated with dissatisfaction or lower satisfaction was found (Dubé, Bélanger and Trudeau, 1996; Arnould and Price, 1993). For example, the fear elicited by a movie might significantly contribute towards customer's satisfaction.

- Goal-directed emotions were found to have an independent effect on satisfaction whereas reactive emotions were not (Liljander and Strandvik, 1996).

Phillips and Baumgartner (2002) have applied the concept of consumption emotions in the expectancy-disconfirmation paradigm. They considered two perspectives under which they integrate emotions in the model: first, they addressed the influence of emotions on satisfaction when the consumer is focused on the functional characteristics of the product and its consumption. They found that positive (negative) consumption emotions had a positive (respectively negative) impact on satisfaction and that consumption emotions originated rather from product performance than expectation disconfirmation; yet, they underlined that this result may be context-specific. In a second phase, they considered the

expectancy-disconfirmation model in an emotional view, this-is-to-say they considered experiential expectations (how the consumer expects the product to make him/her feel), emotional experience of consumption and disconfirmation. Their results show that experiential expectations have an insignificant effect on satisfaction, and so has disconfirmation. They attribute the weakness of the latter relationship to the strong correlation between emotions and disconfirmation, whilst emotions were found to have a direct and significant effect on satisfaction.

Wirtz and Bateson (1999) also embodied emotions in the expectation-disconfirmation model, but considered the pleasure and arousal aspects of emotions and studied their effect on satisfaction. While arousal was not found as having a direct effect on satisfaction, pleasure was found to have a positive impact on satisfaction.

Although the relationship between emotions and satisfaction has been the focus of more and more research work in recent years, the impact of emotions on other post-consumption processes such as word-of-mouth, re-purchase intentions and loyalty has not been fully explored. However, the hospitality industry already supports the significance of emotions on these processes, as showed by a joint study between Barsky and Nash (2002). Based on data collected on American hotels customers, they suggest that emotions play a critical role on satisfaction and loyalty. In their study of a VIP tent, Pullman and Gross (2003) suggested that the nature and intensity of emotions mediate customers' loyalty behaviours and they found that loyalty measures are strongly influenced by certain types of emotions generated by

the service experience.

Westbrook (1987) also highlights a lack of understanding of post-purchase processes such as complaint behaviours and word-of-mouth. His results show that both positive and negative affective responses contribute to the word-of-mouth phenomenon. Furthermore, he also points out the fact that the customers who experienced significant amount of emotions (positive or negative) are more likely to spread word-of-mouth, irregardless of their overall satisfaction. Westbrook explains that "satisfaction shows a weak negative relationship to word-of-mouth once the affective influences have been partialled out"; in this way, he suggests that affective responses to consumption experience explain the word-of-mouth phenomenon better than satisfaction per se.

2.6 Conclusion and research questions

In this chapter, we reviewed the literature relevant to our research study. Our research relates to three main themes: emotions (and especially consumption emotions), post-consumption processes (satisfaction and loyalty), and service. We first endeavoured to understand the concept of emotion, from a psychological point of view, then from a consumption and service point of view. Consumption emotions, usually referred as the set of emotional responses elicited by consumption experiences, have been the focus of a lot of research since a few decades. It has also been acknowledged that emotional aspects of consumption are more or less present and are important in each consumption experience (Holbrook, 1986).

The second topic relevant to our research is post-consumption processes, especially satisfaction and loyalty behaviours. Extensively studied in previous literature (Peterson and Wilson, 1992), customer satisfaction has not seen the emergence of a consensual definition since it has been considered either as a cognitive process (e.g., Fornell, 1992), an affective process (e.g., Halstead, Hartman, and Schmidt, 1994), or both (e.g., Oliver, 1993). In parallel, many theories to explain satisfaction have been developed (e.g., Oh and Parks, 1997) and the expectation-disconfirmation model has emerged as a paradigm (Oliver, 1997). As for loyalty, it has been acknowledged as crucial for companies to leverage profits (Arnould, Price and Zinkhan, 2004) but it has not gathered as much attention as satisfaction. Often defined in terms of behavioural intentions (Gustafsson and Johnson, 2004), loyalty has often been thought as being the direct consequence of customer satisfaction. However, this relationship has been questioned (Hennig-Thurau and Klee, 1997) and more research is needed to understand the mechanisms underlying loyalty formation.

Thirdly, we reviewed service literature, in order to understand the nature of service, characterized by its intangibility, its inseparability, its heterogeneity, and its lack of ownership (Kotler and Armstrong, 1994). These characteristics made researchers study the cues customers relied on when they evaluate a service: Bitner (1992) proposed that these cues are the process, the people and the physical environment. We then studied the temporal aspects of service: we found support to adopt a sequential approach of service (Mattsson and colleagues, 1996; Stauss and Weinlich, 1997) and we found that extended service encounters had been the focus of other

researchers (Dube and Menon, 2000), whereas peak-end theory had not been applied very often in a service context (Verhoef, Antonides and de Hoog, 2004). The service literature also highlights the central role played by customers in the service experience, since they have expectations (Parasuraman, Berry and Zeithaml, 1991) that need to be met by the service provider and since their mood and personality may also influence their evaluation of the service (Gardner, 1985).

This lead to the last section of our literature review about emotions in a service context. First, we highlighted that some services have an emotional content, such as a holiday or a movie (e.g., Holbrook and Hirschman, 1982). Second, we identified the antecedents of emotions: attributional theories helped us to determine what emotions are related to oneself, to others or to the situation (Weiner, 1985). Service provider (Pullman and Gross, 2003) and the customer himself or herself (Eliashberg and Sawhney, 1984) have also been identified as important antecedents of emotions. Third, the emotions all along consumption have been studied: service researchers brought evidence to the existence of emotions at various phases of the service experience and to their influence on the evaluation of the service and satisfaction (Mattila and Wirtz (2000) studied pre-consumption emotions; Dube and Menon (2000) focused on in-process emotions; among others, Smith and Ellsworth (1985) developed an appraisal theory of emotions). Finally, we reviewed the research papers that aimed to study the effects of emotions on post-consumption processes (e.g., Phillips and Baumgartner, 2002).

The literature emphasises the importance of satisfaction as a desired outcome of product or service consumption and therefore, satisfaction has gathered a huge amount of attention amidst researchers. Furthermore, loyalty behaviours such as word-of-mouth and re-purchase intentions have been acknowledged, more than satisfaction by itself, as a crucial factor for companies to leverage their profit that is why these loyalty behaviours ask for a more acute understanding of their antecedents.

Although the role of emotions in the satisfaction formation process has been the focus of a growing literature, their effect on satisfaction and loyalty behaviours still lacks of comprehension, especially in the context of extended service having an important emotional content such as a package holiday. We hence propose the following research question:

> ❖ *How do emotions affect satisfaction and loyalty in extended services?*

We will first try to answer partially this research question by determining whether there are emotions that play a key role on satisfaction and loyalty behaviours. In other words, we formulate our first research sub-question:

> o *What are the emotions which affect customer satisfaction and loyalty in extended services?*

To provide a more complete answer to our research question, we will approach the service consumption as a multiple phases experience; thus, we will try to assess the

relative importance of each of these phases on overall satisfaction and loyalty behaviours. Our objective will then be to answer the second research sub-question:

- o *What is the impact of emotions at different phases of extended service on overall customer satisfaction and loyalty?*

Chapter 3   Theory and hypotheses

3.1 Introduction

The aim of this chapter is to present and analyse the different elements and concepts we will use to answer the research questions proposed in the previous chapter.

Since our study is made in the context of an extended service encounter, we approach the service experience in a temporal perspective. Dividing the vacation resort experience into three main phases, we apply the expectation-disconfirmation model at each of these phases and develop hypotheses concerning the satisfaction judgments and emotions at each phase and their impact on overall satisfaction and loyalty. We also propose hypotheses on the effect of the duration of the stay and finally, we apply Kahneman's peak-end theory and try to assess the effect of the peak events. These six hypotheses are summarised in a framework.

The last part consists in a conclusion about the important issues addressed in this chapter.

3.2 Hypotheses and proposed framework

3.2.1 Service experience as a multiple stages process

Following previous research which use a process-based approach to analyse services (e.g., Verhoef et al., 2004; Danaher and Mattsson, 1994), we consider the service experience in the perspective of a sequence of episodes. Additional support of the

relevance of this approach has been provided by Stauss and Weinlich (1997). In the tourism industry in particular, Chadee and Mattsson (1996) divided the tourism experience into four stages that consist in transport, accommodation, attraction and catering services. However in our case of a holiday in a resort where the service provider supplies accommodation, food and attractions, we will distinguish three main phases that consist in the following: pre-arrival and arrival in the resort, stay, departure and post-departure. This decomposition of the tourist experience in such phases has also been adopted by Neal et al. (2004) where they divide the tourist experience into four phases: pre-trip services, en-route services, destination services, and return trip services. In our study, we only consider the services provided by one company. The pre-arrival and post-departure episodes here refer chiefly to transportation. In our case study, the company is in charge of the transfers between airport and the resort and proposes packages including transportation (i.e. air tickets). Although the transportation provider is not the resort company itself, transportation is likely to affect the holiday appreciation.

An extended service encounter is considered as a sequence of events. This implies that the different events of the experience are "commensurable and tightly spaced" (Loewenstein and Prelec, 1993). As an example of extended service encounter, we study the case of a holiday where the customers generally remain in the resort throughout their stay; they hence always interact with the same people. Although the interactions between customers and employees may differ in context (it can be in the

restaurant, during activities, etc), all these interactions are performed by the same employees looking for the same common goal (i.e. ensuring the customer having a nice holiday). Moreover, personalized relationships and special attention often arise from these numerous encounters between employees and customers.

The need to study the different stages of the service process and their outcome and influence on overall satisfaction has among others been raised by Danaher and Mattsson (1994). Motivated by the observation that service delivery process and the evolution of satisfaction judgments during service consumption have been little studied (Mattsson, 1994), Danaher and Mattsson (1994) found evidence that "a succession of encounters will affect the overall satisfaction level differently during the service delivery process". Verhoef et al. (2004) also adopted a sequential approach in their research. They designed a model to explain the total experienced utility (i.e. satisfaction with the service) that includes the average of the utilities measured for each event of the sequence as an explanatory variable. In their study about the effect of tourism services on travellers' quality of life, Neal et al. (2004) found that overall satisfaction with travel and tourism services is a positive function of the satisfaction with the travel phases (comprising pre-trip, en-route, destination, and return trip). Given that the events in the sequence in Verhoef et al. (2004) correspond, in our model, to the three phases we identified, and based on Neal et al. (2004) findings, we posit our first hypothesis:

H1.a   Overall satisfaction is positively related to the intermediate judgments of satisfaction.

In our model, we apply the expectation-disconfirmation paradigm at each phase of the consumption experience. In other words, we consider that for each stage of the service experience, the customer will form expectations and compare them to the perceived performance, and this comparison will lead to satisfaction judgment (Oliver, 1997; Oliver and Burke, 1999).

However, since we assess the effect of the components of the expectation-disconfirmation model by measuring the intermediate judgments of satisfaction that in turn will shape overall satisfaction (Danaher and Mattsson, 1994), we suggest that these effects will be channelled through the intermediate judgments of satisfaction. Indeed, in research works where the antecedents of overall satisfaction were studied and where overall satisfaction was explained among others by intermediate judgments of satisfaction (Verhoef et al., 2004), disconfirmation of expectations was not included in the antecedents of overall satisfaction. Hence, we suggest that intermediate judgments of satisfaction will act as full mediators between disconfirmation of expectations and overall satisfaction, and we formulate the hypothesis:

H1.b   The effect of expectations disconfirmation on overall satisfaction will be fully mediated through the intermediate judgments of satisfaction.

Although the relationship between satisfaction and loyalty has in some studies been found as weak (e.g., Hennig-Thurau and Klee, 1997), other researchers have found evidence for a positive relationship between overall satisfaction and loyalty (Oliver and Burke, 1999; Kotler and Armstrong, 1994).

H2.a   Loyalty is positively related to overall satisfaction.

In particular, Skogland and Siguaw (2004) who studied the impact of overall satisfaction, satisfaction with people and satisfaction with ambience on loyalty in the context of a hotel stay, have found a significant relationship between satisfaction with ambience and word-of-mouth loyalty. Because we delineated the different phases of the service using a sequential approach, the satisfaction with each phase corresponds to the satisfaction with a combination of events of the process or service elements (such as staff performance). We thus adopt a similar approach, and we propose the following hypothesis:

H2.b   The intermediate judgments of satisfaction will have a direct effect on loyalty.

Following Phillips and Baumgartner (2002), we add emotions to the common expectation-disconfirmation model. As they found a direct relationship between consumption emotions and satisfaction, we posit that consumption emotions will affect satisfaction at each phase of the service experience.

Furthermore, Dube and Menon (2000) suggest that in-process emotions may affect post-consumption satisfaction judgments by influencing emotions, expectations and perceptions in subsequent phases of service consumption. We propose that in-process emotions affect not only intermediate judgments of satisfaction, but also overall satisfaction. This proposition may be justified by the fact that the consumption emotions measured at the end of each phase are somewhat both in-process and retrospective in nature: on a phase level they are retrospective emotions, while on a whole experience level they are in-process emotions.

Moreover, previous research (Barsky and Nash, 2002; Pullman and Gross, 2004) has shown a strong relationship between certain types of emotions and loyalty.

We expect that positive emotions such as happiness or peacefulness will positively impact satisfaction (Oliver, 1993; Westbrook, 1987). This has already been the subject of a lot of research that brought strong evidence of this positive relationship. The relationship between negative emotions and satisfaction is not as straightforward: negative emotions have been found to be directly or inversely related to satisfaction, depending on their causal agent. Whilst other-attributed (or provider-attributed) negative emotions have been found as directly related to lower satisfaction (Oliver, 1993; Price et al., 1995), self-attributed and situation-attributed emotions are not necessarily linked with lower satisfaction (Arnould and Price, 1993; Dube, Belanger and Trudeau, 1996). However, in the case of a holiday resort where customers are expecting to experience positive emotions, it is reasonable to assume

that any negative emotion is likely to lower satisfaction and loyalty.

The previous paragraphs lead us to our third hypothesis that concerns emotions, satisfaction and loyalty:

H3.1.a   **Negative emotions lead to less overall satisfaction.**

H3.1.b   **Negative emotions lead to less loyalty.**

H3.2.a   **Positive emotions lead to more overall satisfaction.**

H3.2.b   **Positive emotions lead to more loyalty.**

Having considered the expectancy disconfirmation model at each phase of the service experience, as well as the different emotions elicited during theses phases and their impact on overall satisfaction and loyalty behaviours, we will now examine the effects of the duration and of the peak and end events.

3.2.2 Duration, peak and end events

The effect of satisfaction and emotions at each phase on overall satisfaction and loyalty might be affected by the duration of the core experience of a holiday, this-is-to-say the stay.

It is probable that the effect of prior emotions and the remembrance of prior events will decay over time. According to Oliver and Burke (1999), there is a declining effect of expectations over time. To a certain extent, we draw an analogy between emotions and expectations, suggesting that the effect of emotions tends to diminish

over time.

Furthermore, we infer that the stay will weigh more, or less, on overall evaluations, depending on its duration. For example, compared to a nice short break, a nice long holiday will bring more satisfaction and lead to more loyalty. However, some studies in the psychological and behavioural fields have shown that the duration of the experience does not influence much the retrospective evaluations of the experience compared to the singular moments (Kahneman et al., 1993; Varey and Kahneman, 1992; Fredrickson and Kahneman, 1993). It is noteworthy that most of these studies were done in the context of an aversive experience. Since the way people treat negative emotions has been shown to be different from the way people process positive emotions (Weiner, 1985), the effect of duration in the context of a positive experience such as a holiday may differ from the effect of duration in an aversive context. In the hospitality industry in particular, it has been found that the length of the stay may play a moderating role between different satisfaction judgments (e.g., satisfaction with tourist experiences and satisfaction with leisure life) (Neal et al, 2004). However, the researchers found no support that the length of stay acted as a moderator on the relationship between the satisfaction with the phases they identified (i.e., pre-trip, en-route, destination, and return trip) and the satisfaction with the tourism services. We rather suggest that the length of stay will moderate the impact of the phase that includes the core service on post-consumption processes.

Considering the declining scheme of the role of the satisfaction judgments of the earliest phase and the effect of the duration of the stay; our fourth hypothesis

summarizes these ideas as:

H4 **The longer the stay, the more important will be the impact of the stay phase on post-consumption processes.**

Adding to the study of service as a multiple stages process, we enrich our model by following the peak-end theory developed by Kahneman and colleagues (1997). Peak events refer to events that present "the most intense value of instant utility recorded during an episode" (Verhoef et al., 2004). A study by Varey and Kahneman (1992), where they exposed participants to unpleasant experience, concluded that global evaluations were highly sensitive to the peak episode and the end episode. In subsequent studies conducted in other contexts, these results have been confirmed (Kahneman et al., 1993; Fredrickson and Kahneman, 1993). The peak-end rule states that "the remembered utility of pleasant or unpleasant episodes is accurately predicted by averaging the peak (most intense value) of instant utility (or disutility) recorded during an episode and the instant utility recorded near the end of the experience" (Kahneman et al., 1997).

Verhoef and colleagues (2004) remarked that this peak-end rule had hitherto never been tested in a service setting, although they cite that Ariel and Carmon (2000) combined different theories (trend in events, peak-end theory) in a hospital study assessing patients' pain evolution. Verhoef and colleagues endeavoured in testing theories about preferences for sequences of outcomes and about evaluation of a sequence (including the peak-end theory) in a service setting that in their case was a

call centre. In their study, they considered the peak episodes in terms of service performance and they found that "both the average performance of the service and the deviations from the average (peaks) are important in shaping a customers' service evaluation". In our study, we will also try to assess the importance of the peak events in a service setting, our perspective differing from Verhoef et al. (2004) one insomuch as they investigated peak and end events in terms of service performance whereas we rather use an emotional view.

However, concerning the end event, we believe that its effect might be blurred since our model already takes a departure phase into account. We believe that there is an overlap between these two concepts, so we will not consider end events in our research. Indeed, from the point of view of the holiday provider that caters accommodation, food, and activities, the end event consists in the check-out and, if provided, in the transfer from the hotel to the airport. In this case, the end event is included in the departure phase and will hence be the object of specific questions in our survey instrument.

Following Kahneman's theory on peak events, we suggest that peak events will greatly influence overall satisfaction; we furthermore extend their influence to loyalty. Concerning peak events, we propose the following hypothesis:

H5   Positive peak event will lead to better overall satisfaction and will increase loyalty behaviours.

3.2.3 Proposed framework

The above hypotheses and the different elements of the service experience we took into account when formulating our hypothesis may be represented in the following framework.
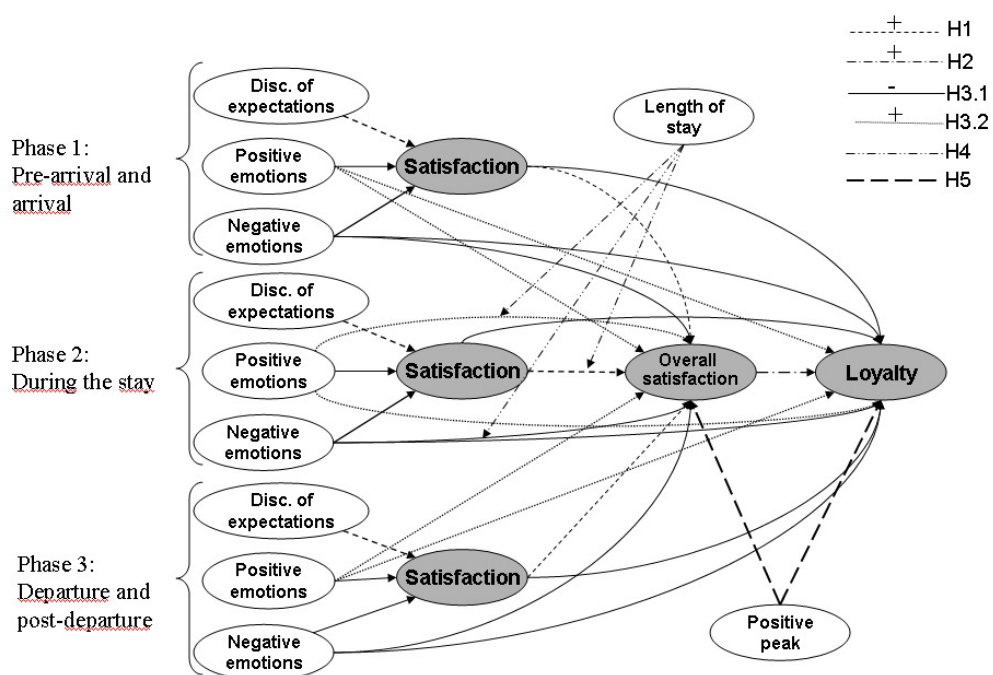
Figure 3-1:   **Theoretical framework**

3.3 Conclusion

This chapter has presented the hypotheses developed based on previous research and our research framework.

Dividing the service experience into three main phases, we formulated our two first hypotheses that concern the interactions between the intermediate judgments of satisfaction at each phase (formed according to the expectation-disconfirmation

model), overall satisfaction and loyalty. The third hypothesis focuses especially on emotions and their impact on these intermediate judgments of satisfaction, overall satisfaction and loyalty. Two sub-hypotheses aim to refine the role of emotions, depending on their valence (positive or negative) and on the phase of experience during which they occur.

We then turned our attention to the effect of duration of the service experience as well as the influence of the peak events, adopting an emotional point of view. We suggested that the length of the stay would affect the post-consumption processes and following Kahneman and colleagues (1997) peak-end theory that the peak event will congruently influence post-consumption processes.

Chapter 4 Development and implementation of the survey

4.1 Introduction

Our research project aims at understanding how emotions affect customer satisfaction and loyalty, along the consumption experience. We thus design our survey in order to match our stage perspective of the holiday experience. The survey design will be described in the first section of this chapter.

Since we aim to evaluate the relationship between emotions, satisfaction and loyalty, we present in this chapter the way we measured these components of our framework. Moreover, we also want to assess the effect of the expectation-disconfirmation on the two main constructs (satisfaction and loyalty); hence, we present the different elements that describe the holiday experience, and we subdivide these categories into detailed factors that influence satisfaction.

The subsequent parts of this chapter will present the steps and results of our pilot test, our targeted population, and finally how we implemented our survey.

4.2 Preliminary interviews

In order to familiarise with the tourism and hospitality industry, and in particular with its issues and settings, we first proceeded to one-to-one semi-structured interviews with relevant managers from the hospitality industry. Table 4-1 shows the summary of the interviews. Our main purpose was to assess the relevance of our

model from a practitioner's view and to apprehend the critical issues they identified in their service. Our interviews were structured around the following themes: general information about their customers (demographics and buying patterns), the process they put in place and the critical events in this process, their customers' expectations (knowing them and fulfilling them), their customers' emotions (understanding them and acting upon them), and their customers' satisfaction and loyalty. From these interviews, we inferred that the stage-approach of the service was relevant to the hospitality industry and the phases that emerged from our discussions were generally the ones we identified. Practitioners also identified critical events that played a significant role in either satisfaction or dissatisfaction. Whereas the critical episodes leading to more dissatisfaction were specific to each hotel and its setting, a majority of managers emphasized the crucial role of the "wow" effect to achieve higher satisfaction. In the managerial literature in particular, the importance of the "wow" effect has been stressed out to achieve customer delight (Cohen, 1997). Interviews with the relevant managers of the resort company we worked with helped us to gain a good knowledge of the process and of their customers' expectations, so that the questions concerning disconfirmation of expectations could be designed in order to capture this disconfirmation in an acute way.

In addition to the validation of our model from a managerial point of view, these preliminary interviews helped us to gain awareness of some issues that could have been missed if we relied on literature only. We needed to customise to a certain

extent the existing emotional measurement scales, since consumption emotions are different depending on the type of service studied (Richins, 1997). Thanks to the relevant managers' knowledge and experience, we identified emotions that they acknowledged as important to achieve satisfaction or dissatisfaction, such as respected or ignored.

Company	Designation	Date	Key topics
Hotel A	- Director of Recreation (Projects) - Recreation Manager	4 Nov. 2004	- Making the guest feel respected and giving a sense of belonging are keys to satisfaction. - Feeling ignored or discriminated are key emotions to dissatisfaction. - Staff is crucial to achieve guests' satisfaction - Creating the "wow" effect
Resort A	National Call Centre Manager	8 Nov. 2004	- Fulfilling people's needs and expectations whatever they are - Make people feel happy
	Supervisor, Tour Consultant	9 Nov. 2004	- Although people who stay for a few days are still happy and satisfied, people who stay longer can really experience their holiday and the resort - Happy and relaxed are the targeted emotions
Resort B	- Director CRM - CRM Manager	23 Nov. 2004	- Personalised service, the guest is known and recognised - Delighted and thrilled are the targeted emotions
Hotel B	Director of Sales & Marketing	7 Dec. 2004	- Providing the basics of service, but providing an outstanding level of service - Creating the "wow" effect, pleasant surprise to achieve satisfaction - Personalised service and specific attentions elicit positive emotions

Table 4-1:   Interviews

4.3 Survey design

In our study, we consider a stage approach, where we identified the pre-arrival and arrival phase, the stay and the departure and post-departure phase.

In order not to interrupt the relatively short (3 to 7 days) holiday experience of the targeted population and thus not to alter the customers' perceptions of their vacation, we opted for a single self-administered questionnaire that is distributed after check-out to the customers, rather than three different questionnaires for each stage.

4.4 Measures

In the following paragraphs, Phase 1 refers to the pre-arrival and arrival phase, Phase 2 refers to the stay, and Phase 3 refers to the departure phase.

4.4.1 Latent variables and corresponding indicators

4.4.1.1 <u>Disconfirmation of expectations during Phases 1, 2 and 3</u>

In this section, we will present the first three exogenous latent constructs that are the disconfirmation of expectations during Phases 1, 2 and 3.

Basically, the three latent constructs come from the same notion of disconfirmation of expectations, but the indicators (or measurement variables) measuring this disconfirmation vary according to the phase.

All the latent constructs and their indicators will be recapitulated in Table 4-2.

Disconfirmation of expectations during Phase 1

A list of attributes of the service concerning Phase 1 has been established based on the existing customer feedback form of the company we study, modified with the help of the relevant managers (see Section 4.2).

The service attributes retained for Phase 1 are divided into two categories: the holiday arrangements and the arrival at the resort. The "holiday arrangements" category contains a list of attributes that are booking, assistance given at the airport, transfer from airport to resort. The "arrival at the resort" category contains the following attributes: first impression of the resort, friendliness of the welcome, check-in procedure.

For each attribute, the expectations disconfirmation is measured using a 5-point semantic differential scale ranging from "much better than expected" to "much to be improved".

The measurement of the disconfirmation of expectations during Phase 1 is done in the two first parts (entitled after the category of attributes) of **Question 1**.

Disconfirmation of expectations during Phase 2

Similarly to what has been done for Phase 1, we determined a list of attributes based on the existing feedback form of the company, the knowledge of the relevant managers and the insights of some customers. We also relied on the work of Chadee and Mattsson (1996) which divide the tourist experience into transportation, accommodation, catering and attractions. Additionally, we also tried to take into account the three different aspects of service: the process, the staff and the physical

environment (Bitner, 1992).

With those considerations in mind, we developed the following categories of attributes: the resort (general ambience, furnishing and décor), the room (comfort, furnishing and décor), the restaurants (food variety, quality of food, general ambience of the restaurants), activities (choice of activities, quality of entertainment activities, quality of sport activities, quality of children activities, quality of excursions), the staff (ability to communicate in your language, friendliness, helpfulness, visibility).

Like in Phase 1, the expectations disconfirmation concerning each attribute is measured using a 5-point semantic differential scale ranging from "much better than expected" to "much to be improved" (Aiello, Czepiel, and Rosenberg, 1977). The "not applicable" answer is also made available to the respondent. The measurement of the disconfirmation of expectations during Phase 2 is done from the third to the seventh part (entitled after the category of attributes) of **Question 1**.

Disconfirmation of expectations during Phase 3

Phase 3 consists in the departure and more specifically in the check-out experience, which is common to all hotel experiences.

Like in Phases 1 and 2, the expectations disconfirmation concerning this attribute is measured using a 5-point semantic differential scale ranging from "much better than expected" to "much to be improved". The measurement of the disconfirmation of

expectations during Phase 3 is done in the last part (entitled after the category of

attributes) of **Question 1**.

Table 4-2 presents a summary of the different constructs and their indicators (and the

way these indicators are grouped within a same construct).

Construct	Category of service attributes	Indicators
Expectations disconfirmation during Phase 1 (pre-arrival and arrival)	Holiday arrangements	Booking
		Assistance given at the airport
		Transfer from airport to resort
	Arrival in the resort	First impression of the resort
		Friendliness of the welcome
		Check-in procedure
Expectations disconfirmation during Phase 2 (stay)	The resort	General ambiance
		Furnishing & décor
	The room	Furnishing & décor
		Comfort
	The restaurants	Food variety
		Quality of food
		General ambiance of the restaurants
	Activities	Choice of activities
		Quality of entertainment activities
		Quality of sports activities
		Quality of children activities
		Quality of excursions
	Staff	Ability to communicate in your language
		Friendliness
		Helpfulness
		Visibility
Expectations disconfirmation during Phase 3 (departure)	Departure from the resort	Check-out procedure

Table 4-2: **The constructs of expectations disconfirmation at each phase of the service experience and their indicators**

4.4.1.2   Satisfaction and loyalty constructs

Intermediate satisfaction

Whilst the satisfaction with Phase 1 is assessed with two indicators (satisfaction with holiday arrangements and satisfaction with arrival), satisfactions with Phases 2 and 3 are assessed with one indicator each (respectively, satisfaction with the stay and satisfaction with the departure).

Each indicator is measured with a 5-point semantic differential scale ranging from "very satisfied" to "very dissatisfied".

Judgments of satisfaction with the different phases are measured in **Question 4**.

Overall satisfaction

To measure customer overall satisfaction, we opted for a single direct question similarly to Skogland and Siguaw (2004) approach, using a 5-point scale ranging from "very dissatisfied" to "very satisfied" (Pullman and Gross, 2003; Aiello, Czepiel, and Rosenberg, 1977).

Overall satisfaction is rated in **Question 3**.

Loyalty

We define customer loyalty in terms of behavioural intentions (Gustafsson and Johnson, 2004), this-is-to-say as "a customer's predisposition to repurchase from a product or service provider, which serves as a proxy fro actual retention and profit"

(Fornell et al., 1996).

Thus, we measure those behavioural intentions with three items: respondents' re-purchase intention to come back in the near future, intention to consider the company as a first choice for the next holiday, and intention to recommend to others (Godin and Gladwell, 2001; Dabholkar, Shepard and Thorpe, 2000). We rated those items on a 5-point scale ranging from "Very likely" to "Very unlikely". These measures are made in **Questions 5 and 20.**

4.4.1.3   <u>Positive and negative emotions during Phases 1, 2 and 3</u>

Using existing emotion measurement scales, we endeavoured to keep as broad a panel of emotions as possible, whilst trying to adapt this panel of emotions to our studied service experience. As Richins (1997) stated when she presented the CES (Consumption Emotion Set), the researchers would have to adapt the CES according to the service considered. The following paragraphs detail our approach to obtain our emotion measurement scale.

Screening emotions

We adapt existing emotional scales to the specific service experience we are studying. In particular, we based our emotions measurement instrument on Richins (1997) Consumption Emotion Set (CES), Barsky and Nash (2002) list of emotions relevant to the hotel industry, and Russell and Pratt (1980) 40-item scale of pleasure and arousal, enriched by the exciting-gloomy and distressing-relaxing dimensions,

developed in the context of the assessment of the affective quality of environments.

Barsky and Nash list of emotions consists in a list of 16 emotions that have been sorted in order to "reflect the spectrum of emotions experienced by guests in hotels", but with "the intention to […] classify the underlying dimensions of guests' emotional experiences caused by hotels rather to represent every emotion that people may experience sometime during a hotel stay".

The CES consists in 8 negative emotions (anger, discontent, worry, sadness, shame, fear, envy, and loneliness), 8 positive emotions (romantic love, love, peacefulness, contentment, optimism, joy, excitement, and surprise), and 4 other items that are guilt, eagerness, relief and pride. Each emotion is described by two or three adjectives.

Starting from these three emotional scales, we checked the emotions so that there would not be redundant or belonging to similar categories of emotions. Thereafter, we eliminated the emotions that were unlikely to be felt by the vacationers, based on the feedback of experienced managers of the hotel industry, of managers and staff of our case company, and of their customers.

We thus reached the following spectrum of emotions: anger, discontent, worry, sadness, fear, shame, romantic love, love, peacefulness, contentment, joy, excitement, surprise (from the CES), comfort, feeling of being entertained, importance, security, welcome, respect (from Barsky and Nash's Market Metrix Emotional Scale), and boredom and laziness that respectively correspond to the

gloomy quality and the sleepy quality in Russell and Pratt's scale.

Considering our theoretical model and hypothesis, we tried to balance the number of positive and negative emotions in our questions regarding the emotions the customers felt all along their holiday experience. However, since a holiday is by nature a positive experience, the positive emotions have slightly outnumbered the negative emotions.

From the previously cited spectrum of emotions, we established the indicators of our seven emotional constructs: positive emotions during Phase 1, negative emotions during Phase 1, positive emotions during Phase 2, negative emotions during Phase 2, positive emotions during Phase 3, negative emotions during Phase 3, and the positive emotional peak event, which will be detailed in paragraph 4.4.1.4.

To keep the questionnaire as parsimonious as possible, each emotion is described by only one adjective.

Constructs and indicators related to emotions

We proposed similar sets of emotions to the respondents in all our questions, since the process of thinking of and evaluating one's emotions at three different phases of the holiday is already complex and effort-demanding: we did not want to complicate the task of the respondents by proposing them a too wide panel of emotions.

However, although Phases 1 and 3 present exactly the same indicators (that appear in the same random order), the indicators of positive emotions of Phase 2 present a single variation (instead of "welcome" figures the adjective "secure"), since the feeling of being secure is more relevant during the stay than the one of being welcome.

As for the order of appearance of the adjectives concerning Phase 2, it differs from the one concerning Phases 1 and 3. This difference of order aims at re-focusing the attention of the respondent on the questions to avoid a too systematic manner of answering, notably because the question about emotions during Phase 2 differs from the questions related to Phases 1 and 3. Indeed, Phases 1 and 3 are rather short in time (at most a few hours), compared to Phase 2 (several days). Thus, we are more concerned about the frequency of occurrence of emotions during the stay (following Liljander and Strandvik, 1996) than about their intensity, contrary to the beginning and ending phases where asking the respondent about the degree to which he or she experienced certain feelings is more relevant.

The emotions felt during Phase 1 are the object of **Question 10**. The respondent is asked to rate the degree to which he or she felt the cited emotions. For this purpose, we used the same four-point response scale ("not at all", "a little", "moderately" and "strongly") as Richins (1997) did at a refinement stage leading to the CES.

The emotions felt all along the stay are the object of **Question 11**. The respondents are asked to indicate how often they experienced various feelings. We used a

four-point frequency scale ("never", "seldom", "sometimes", "often"), similar to the one used by Richins (1997) for the development of the CES.

The emotions felt at the end of the holiday experience are the object of **Question 12.** The layout and the wording of this question are similar to the ones of Question 10.

Table 4-3 presents a summary of the constructs and indicators used to assess customers' emotions all along the service experience.

Construct	Indicators	Construct	Indicators	Construct	Indicators
Positive emotions during phase 1 (pre-arrival and arrival)	Amazed	Positive emotions during phase 2 (stay)	Amazed	Positive emotions during phase 3 (departure)	Amazed
	Comfortable		Comfortable		Comfortable
	Contented		Contented		Contented
	Entertained		Entertained		Entertained
	Excited		Excited		Excited
	Happy		Happy		Happy
	Important		Important		Important
	Peaceful		Peaceful		Peaceful
	Respected		Respected		Respected
	Warm-hearted		Secure		Warm-hearted
	Welcome		Warm-hearted		Welcome
Negative emotions during phase 1 (pre-arrival and arrival)	Bored	Negative emotions during phase 2 (stay)	Bored	Negative emotions during phase 3 (departure)	Bored
	Discontented		Discontented		Discontented
	Embarrassed		Embarrassed		Embarrassed
	Frustrated		Frustrated		Frustrated
	Ignored		Ignored		Ignored
	Lazy		Lazy		Lazy
	Sad		Sad		Sad
	Scared		Scared		Scared
	Tense		Tense		Tense

Table 4-3: **The constructs of positive and negative emotions at each phase of the service experience and their indicators**

4.4.1.4   <u>Emotional peak</u>

Another aspect about emotions we want to evaluate is the influence of the emotional peak events, and particularly the positive peak. We chose to focus only on the positive peak as our study is taking place in a vacation resort, where this peak is desirable and more likely to happen. Although the emotions related the peak event might be included in our measures of emotions at each stage of the experience (and especially Phase 2), we endeavoured to reduce this problem by designing a separate part in our questionnaire about the best moment.

To evaluate the impact of positive peak on satisfaction and loyalty, we asked the respondents about their best moment during their holiday and their feelings at that moment. We provided a list of positive emotions, established from our list of emotions (see Section 4.4.1.3). We asked the respondents to rate the intensity of the emotions they felt during this best episode of their holiday, using a four-point scale ("not at all", "a little", "moderately", "strongly") taken from Richins (1997). We limited the panel of positive emotions to only 8 emotions that have been chosen from customers' feedback during the questionnaire testing.

To help people recall their best moment during their holiday, we first ask them how many nights they stayed in the resort (**Question 6**) followed by what their best moment was (**Question 7**). Once they have in mind their best moment, respondents were asked for the day the moment happened, stating that day 1 is their day of arrival in the resort (**Question 8**). Knowing when this event happened helps us assess the influence of the temporality of it on satisfaction and loyalty. Finally, the

respondents are asked to rate the emotions in **Question 9**.

4.4.2 Control variables

Some factors may influence the relationship between emotions, satisfaction and loyalty, such as the length of the stay. Therefore, we try to control the following variables in our survey: length of stay, party to travel (family, honeymooners, group of friends, etc), country of origin, demographics (age, gender), and customer's knowledge.

4.4.2.1 Length of stay

In the context of a holiday, the length of the stay may influence the vacationers' satisfaction and loyalty. Although short-vacationers have different expectations and state of mind from long-vacationers and may be as satisfied with their stay as the latter, they may tend to develop a different set of emotions during their stay, as was observed by some practitioners we interviewed.

The length of their stay has already been asked to the respondents in **Question 6**.

4.4.2.2 Demographics

Demographics criteria such as age and gender are likely to influence in some way the needs and expectations of the customers. For example, depending on their age they will seek for miscellaneous feelings and sensations. These demographics data are measured in **Questions 13 and 14**.

4.4.2.3 <u>Nationality</u>

Because of cultural differences, people may tend to have different expectations: both practitioners and researchers agree that the nationality (and more generally the culture) influence people's expectations, judgments and hence satisfaction (see for example Voss et al., 2004). However, some interviews with holiday providers implied that there were no major cultural differences among their clients: whatever their culture, their customers were expecting the same standard of quality. In our study, it is interesting to know how the cultural background of the customers may influence their perception of service performance, their emotions, and their satisfaction and loyalty.

Another criteria related to the country of origin is whether the trip is outbound or inbound. For example, the attitude and expectations of a Japanese taking holidays in Japan are likely to differ from the attitude and expectations of the same Japanese spending holidays in Indonesia or more generally, abroad. By asking the respondent to state its nationality, we hope to control this factor. Nationality is asked in **Question 15**.

4.4.2.4 <u>Party to travel with</u>

The people the respondents are travelling with constitute a factor that may influence the respondents' expectations and emotions. For example, it is expected that a couple on honeymoon, a group of friends travelling together or a family with young children will have different needs, different expectations about what their holiday

should be, and consequently will develop different sets of emotions. This is the subject of **Question 18.**

4.4.2.5 **Customer's knowledge**

As have been extensively acknowledged and measured in the consumer research area, customer's knowledge is an important factor influencing customer's expectations, perceived performance and thus, satisfaction (Smith and Swinyard, 1983). Indeed, customers base their expectations among others on their knowledge and prior experiences with the service provider or with the type of service (Garfein, 1988). In our case, we will consider the fact that the respondent is a first-timer or if it has already come to a resort of the company. If yes, we are interested in knowing the number of times the respondent has come to a resort, and if it has already been to the same resort he is currently spending holiday in.

4.4.3 Limitations

One of the limitations of our study is that all data is captured at the end of the service experience that, as previously highlighted, is by nature extended over time. Therefore, the remembrances of the respondents concerning the emotions they felt at the very beginning of their experience, that corresponds to the pre-arrival and arrival phase, may be not as accurate as if the emotions had been asked right after the arrival.

This bias could have been minimised by developing a questionnaire for each phase,

but having three different questionnaires would have interrupted the overall holiday experience, reducing the accuracy and maturity of the feelings and emotions occurring during the experience.

4.5 Testing of the survey instrument

The survey instrument was tested in a holiday resort in Malaysia, over a population of 16 respondents. The purpose of the pilot test was to evaluate the data collection process on three different aspects. The first aspect relates to the questions, as it was important to know if respondents understood the questions and were able to answer. The second aspect is about the questionnaire, where we were interested in the order of the questions and the time needed to complete the questionnaire. The third aspect pertained to the questionnaire distribution process. In order to adopt the process with the highest return rate as possible, we tried various ways of distributing the questionnaire. We left some questionnaires in the rooms the day prior departure, we distributed some questionnaires directly to the vacationers the day prior to their departure, we distributed some questionnaires after checkout, and we distributed some questionnaires during the transfer from the resort to the airport.

The outcome of this pilot test was slight changes in the wording of some questions. Moreover, to achieve a better response rate and based on customer feedback, we opted to distribute the questionnaire during the transfer from the resort to the airport.

4.6 Surveyed population

The survey was conducted in a resort in Malaysia over a 15-day period in late March 2005. The targeted population included all the vacationers of the resort that came on a holiday purpose but not on a business purpose, and that were leaving the resort during this 15-day period. All nationalities were included and within the same group of people travelling together, not only one questionnaire was distributed since every member of the group could have experienced different aspects of the company's services and could have different expectations and different emotions.

4.7 Survey implementation

Due to the remote location of the resort in Malaysia, almost all the guests had to use the services of a private bus company working closely with our study's company. Generally, there were three departures per day going to the nearest airport. When the number of guests departing was higher 5 or when other guests were arriving the same day, a staff accompanied them. This staff member was asked to distribute the questionnaires to the clients during the transfer that lasted on average 50 minutes. The customers had then time to answer the questionnaires and they were at the end of their holiday experience.

If no staff member accompanied the clients to the airport, we distributed the questionnaires starting from 2 hours before the departure time to the guests that were leaving. They were generally sitting in the lounge or around the swimming-pool.

The customers were given a complementary pen as an incentive to complete the

questionnaire.

4.8 Conclusion

The purpose of this chapter was to present the development of our survey instrument. Based on the literature review and on our conceptual framework, we described the variables we used to measure all the concepts that will allow us to test our hypotheses. The next chapter will focus on the analysis and the interpretation of the data we collected thanks to our survey instrument.

Chapter 5   Data analysis and discussion

5.1 Introduction

In this chapter, we will present the results of our survey, based on the statistical analysis of the data we collected. Firstly, we will conduct preliminary tests to assess the validity of our data to verify our hypotheses. Secondly, the hypotheses concerning moderator variable will be tested using ordinary least squares multiple regression. Indeed, because the procedures for testing this type of hypothesis are widely used in the literature and in order to keep our structural equation model parsimonious, we prefer the regression analysis to structural equation modelling to test for moderator variable. Thirdly, we will evaluate the strength of the relationships in our model using a structural equation modelling approach. Finally, we elaborate a discussion based on our findings, and the contribution they bring to the literature.

5.2 Preliminary analysis

5.2.1 Number of responses

As the survey administration process that occurred during the one-hour transfer from the resort to the airport, we required the help of the transportation staff in charge of accompanying the customers to the airport to distribute and collect the questionnaires. Due to their workload, it was not possible for them to track the exact number of questionnaires distributed and returned. Hence, no precise number of

questionnaires distributed is available. However, we distributed pens as a gift to improve response rate and approximately 200 pens were distributed. Once again no precise number can be provided since some targeted customers returned the pen and others took the pen without taking the questionnaire. Nevertheless, we assume that the number of 200 questionnaires distributed is a good estimation of the actual number of questionnaires distributed.

Overall, 127 completed questionnaires were returned although some with missing data. We will treat the problem of missing data in a later section.

The return rate is high (presumably more than 60%) and was achieved among others due to the gift that motivated people to fill up the questionnaire and the good relationship between the researcher and staff distributing the questionnaire and the customers arising from the general ambience of the resort.

5.2.2 Characteristics of respondents

The last section of our questionnaire provides information about the respondents, their demographics profile (age group, gender, nationality) as well as their travel behaviours (advance booking, previous experience with the company, inbound or outbound travel, length of stay, people they travelled with).

5.2.2.1 Demographics profile

Tables 5-1 to 5-3 present the demographics profiles of our respondents. The respondents were mainly females (57.1%). The most represented age group includes

the respondents aged between 31 and 40 (29.4%), the second largest group is constituted by the respondents aged 25 to 30. Table 5-2 shows that the surveyed population is rather young.

Table 5-3 presents the nationalities of the respondents. The nationality of the respondents constitute a critical issue in our research since previous literature has shown that nationality and hence cultural differences deeply influence people's behaviour (see for example Voss et al., 2004). This may be even truer in the case of assessing emotions and satisfaction. In our study, we will first consider the nationalities as well repartitioned among respondents. Considering nationalities, we assume that our sample is sufficiently heterogeneous so that in the first instance we conduct our analysis without nationalities considerations. However, in order to address this issue, we will later compare our model across groups. We will consider only two groups of nationalities and not each nationality separately since a comparison by nationality does not provide reliable findings due to the small number of people of each nationality. The two groups we will consider will be the European respondents and the Asian respondents; these groups are of comparable size and represent respectively 39.1% and 35.9% of our total sample.

Gender	Frequency	Percent
Male	51	42.9%
Female	68	57.1%

8 respondents did not provide information

Table 5-1: Gender of the respondents

Age	Frequency	Percent
under 25	20	16.8%
25 to 30	25	21.0%
31 to 40	35	29.4%
41 to 50	23	19.3%
51 to 60	12	10.1%
61 or over	4	3.4%

8 respondents did not provide information

Table 5-2: Age group of the respondents

Nationality	Frequency	Percent
Australian	13	10.2%
New Zealander	1	0.8%
Belgian	4	3.1%
British	8	6.3%
French	34	26.6%
Italian	3	2.3%
Swiss	1	0.8%
Japanese	6	4.7%
Korean	20	15.6%
Chinese	2	1.6%
Taiwanese	9	7.0%
Malaysian	8	6.3%
Singaporean	1	0.8%
South African	6	4.7%
Oceania	14	11.0%
Europe	50	39.1%
Asia	46	35.9%
Africa	6	4.7%

11 respondents did not provide information

Table 5-3: Nationality of the respondents

5.2.2.2 Travel behaviour patterns

Tables 5-4 to 5-8 below present the travel patterns of the respondents. These are the length of stay (number of nights spent in the resort), advance booking, user status (that is, previous experience in any resort of the company), party the respondents travelled with, and inbound or outbound travel.

Table 5-4 shows that 24.5% of the respondents stayed for 2 or 3 nights while 44.9% of the respondents stayed for periods longer than 7 nights. The average length of stay over our sample is 8.1 nights. One could argue that consequently the data collection process occurring only at the end of the holiday is not the most proper one

and could introduce bias in our measures. However, we believe that measuring satisfaction and emotions at the end of each stage would also have biased our measures since it would have significantly interrupted the holiday experience of the respondents. The management of the resort supports our view.

In Table 5-5, the time the respondents booked their holiday before coming is displayed. It appears that the respondents either booked their holiday at the last minute (43.5% booked less than 2 weeks prior to their stay) or much in advance (36.9% booked more than 1 month prior to their stay).

Table 5-6 shows that 44.7% of the respondents were first-timers, 8.8% had already been to a resort of the company but had not return within the past 3 years, 41.2% of the respondents had been between 1 and 4 times to a resort within the past 3 years, and 4.4% were heavy customers and had come more than 6 times within the past 3 years.

Table 5-7 shows the party the respondents travelled with. Respondents were asked to choose the main party which they travelled with, even though one may be travelling in a family with another family for example. However, one can observe that the repartition is quite homogeneous with about 20% of respondents in each category.

Table 5-8 presents the proportion of outbound and inbound travellers (respectively

93.7% and 6.3%). This large proportion of outbound travellers is due to the data collection process (during the transfer from the resort to the airport). As inbound travellers tend to travel by car or by bus, they were not reached as efficiently.

Number of nights (N)	Frequency	Percent
2	7	6.1%
3	21	18.4%
4	16	14.0%
5	9	7.9%
6	10	8.8%
7	17	15.0%
8	9	7.9%
9	8	7.0%
10	10	8.8%
11	1	0.9%
12	2	1.8%
13	1	0.9%
15	3	2.6%
< 4	28	24.5%
4 <= N <= 6	35	30.7%
7 <= N <= 10	44	38.7%
11 <= N <= 15	7	6.2%
Average length of stay	8.1	

13 respondents did not provide information

Table 5-4: Length of stay of the respondents

Advance booking (AB)	Freq.	Percent
<= 1 week	23	25.0%
1 week < AB <= 2 weeks	17	18.5%
2 weeks < AB <= 3 weeks	5	5.4%
3 weeks < AB <= 1 month	13	14.1%
1 month < AB <= 3 months	18	19.6%
3 months <AB <= 6 months	12	13.0%
> 6 months	4	4.3%

35 respondents did not provide information

Table 5-5: Advance booking

User status	Frequency	Percent
First-timer	51	44.7%
Past experience with the company	63	55.3%
No. of times in the past 3 years		
0	10	15.9%
1	22	34.9%
2	11	17.5%
3	9	14.3%
4	5	7.9%
6	3	4.8%
7	1	1.6%
9	1	1.6%
Occasional	10	15.9%
Regular users	47	74.6%
Heavy users	5	7.9%

13 respondents did not provide information

Table 5-6: User profile of the respondents

Party to travel with	Frequency	Percent
Family	33	26.0%
Friends	30	23.6%
Life partner	33	26.0%
Colleagues	21	16.5%
Alone	10	7.9%

Table 5-7: Party the respondents travelled with

Inbound/outbound	Frequency	Percent
Inbound travel	8	6.3%
Outbound travel	108	93.7%

11 respondents did not provide information

Table 5-8: Inbound/outbound travellers

5.2.3 Non-respondent bias test

No information was available for the non-respondents; hence, no non-respondent bias test could be conducted. Given the specific moment at which our survey took place (during a European country's school holiday and only a few weeks after the tsunami that devastated the coasts of Southern Asia on the 26th of December 2004), the population surveyed was not representative, in terms of nationalities represented, of the usual population of the resort where the survey was done. Thus, we conducted no non-respondent bias test.

5.2.4 Scales analysis

We measured the emotions during the best moment of the respondents' holidays, the positive emotions during Phases 1, 2, 3, the negative emotions during Phases 1, 2, 3, the disconfirmation of expectations during Phases 1, 2, 3 using several items in our questionnaire. The items measuring emotions were designed to be coded in the same direction and were coded with the same number of categories. The items related to satisfaction and to disconfirmation were also coded in the same direction, but their number of categories differs from the number of categories for emotions.

The strategy adopted here to treat missing data is listwise deletion.

We conducted a scale analysis in order to refine our measurement scales. The steps we followed were item reduction analysis, factor analysis and quality of the scales checking.

5.2.4.1 <u>Item reduction analysis</u>

Item-total correlations assess whether a Likert scale is unidimensional, this-is-to-say the scale should measure one concept rather than a mixture of concepts. De Vaus (2003) advocates that the inter-item correlations should be at least 0.3. The rationale is that all items belonging to the same domain should have similar average correlations and the items that show low correlations probably belong to another domain.

We first measure the item-total correlations of positive and negative emotions at all phases. For Phase 1, we found that no item should be deleted (see Table 5-9 and Table 5-10).

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Alpha if Item Deleted
PE1COM	29.1500	40.1038	.5848	.8909
PE1WEL	28.9250	39.8424	.5333	.8927
PE1IMP	29.5500	37.2380	.6227	.8880
PE1HAP	29.0750	40.0956	.5935	.8906
PE1PEA	29.3250	36.8297	.7024	.8831
PE1AMA	29.7875	35.5619	.6912	.8840
PE1ENT	29.6500	35.5722	.7037	.8830
PE1WAR	29.7125	36.2328	.6883	.8839
PE1EXC	29.2375	38.2340	.5501	.8923
PE1CON	29.6750	38.3234	.5596	.8916
PE1RES	29.2875	37.4733	.7172	.8828

Table 5-9:   Item-total Statistics for PE1[1]

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[1] The number represents the Phase in which the emotion (PE: Positive Emotion, NE: Negative Emotion) is measured.

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Alpha if Item Deleted
NE1BOR	12.0723	29.6045	.6320	.9089
NE1TEN	12.0964	29.9906	.6031	.9112
NE1DIS	12.3133	27.1934	.8949	.8854
NE1FRU	12.3976	27.8766	.8267	.8917
NE1LAZ	11.8193	30.2962	.4930	.9233
NE1SAD	12.5422	29.5927	.7965	.8962
NE1EMB	12.5783	29.2225	.7800	.8966
NE1IGN	12.6024	29.6571	.7897	.8967
NE1BOR	12.0723	29.6045	.6320	.9089

Table 5-10:   Item-total Statistics for NE1

A similar analysis was conducted with positive and negative emotions at subsequent phases of the experience.

Following de Vaus (2003), the 2 items PE2PEA (peacefulness) and PE2CON (contentment) were dropped of the scale (see Table 5-11) since they have a value lower than 0.3. Two more iterations of the test were conducted, resulting first in the exclusion of the item PE2COM (comfort) then PE2HAP (happiness).

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Alpha if Item Deleted
PE2PEA	32.7093	18.1380	**.1406**	.7505
PE2HAP	32.5814	17.6345	.3934	.7328
PE2CON	33.2442	16.8456	**.2156**	.7513
PE2EXC	33.2442	16.0691	.3903	.7257
PE2WAR	33.5233	14.9112	.4757	.7131
PE2SEC	32.9419	15.5848	.4573	.7163
PE2COM	32.6395	17.4097	.3486	.7332
PE2AMA	33.6279	15.6952	.3700	.7298
PE2ENT	33.0930	15.7795	.4662	.7158
PE2IMP	33.4884	13.9705	.5658	.6970
PE2RES	33.0930	15.0971	.5215	.7066

Table 5-11:   Item-total Statistics for PE2 (first iteration)

Table 5-12 below shows that the item NE2LAZ corresponding to the emotion laziness (Churchill and Surprenant, 1992) does not meet the critical minimal value of 0.3 (de

Vaus, 2003). Given the context of our study that is a holiday in a resort, being lazy may be felt as an indulgence the vacationers allow themselves on holiday. This consideration may explain the non-appropriateness of the item "lazy" in the scale NE2 (Negative Emotions during Phase 2). We removed this item from the scale.

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Alpha if Item Deleted
NE2DIS	12.4884	22.6999	.6067	.8758
NE2TEN	12.4767	22.3230	.6476	.8723
NE2FRU	12.7093	21.7851	.7936	.8603
NE2EMB	12.6744	22.6222	.6803	.8698
NE2IGN	12.5465	21.5919	.7405	.8640
NE2SCA	12.6977	21.6487	.7462	.8636
NE2SAD	12.8953	23.9536	.7166	.8716
NE2BOR	12.6163	22.3804	.6987	.8682
NE2LAZ	11.9186	24.7815	**.2614**	.9093

Table 5-12:   Item-total Statistics for NE2

As for NE3 (Negative Emotions 3) (see Table 5-13), the item NE3SAD corresponding to the emotion "sad" presents a corrected item-total correlation of 0.2621. According to de Vaus (2003), the item should not be kept in the scale. In the context of our study, a strong emotional relationship may arise between the staff and the guests during a holiday. Thus, the sadness emotion may be considered as a desirable emotion showing that emotional involvement existed during the guest's stay. This remark is in line with Price and Arnould (1993) research about white water rafting where they stated that negative emotions arousing during the consumption experience, such as being scared, are not necessarily related to less satisfaction or negative assessment of the consumption experience. We removed the sadness emotion from the scale NE3.

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Alpha if Item Deleted
NE3BOR	12.8974	27.9114	.7190	.8586
NE3TEN	12.6667	28.3030	.5701	.8716
NE3DIS	12.8333	27.5173	.7705	.8543
NE3FRU	12.9359	27.9569	.6994	.8601
NE3LAZ	12.4615	28.4855	.5033	.8790
NE3SAD	12.5513	31.4714	**.2621**	.8983
NE3EMB	13.0513	27.8934	.8422	.8512
NE3SCA	13.0128	28.0648	.7218	.8586
NE3IGN	12.8718	27.6457	.6705	.8622

Table 5-13:   Item-total for NE3

Similar analyses were conducted for the positive emotions during Phase 3, the emotions during the best moment and the disconfirmation of expectations about elements of service, no item showed a low item-total correlation in each scale.

5.2.4.2   Adequacy of the measurement

Construct validity deals with the assessment of the agreement between a theoretical concept or construct and a corresponding measurement tool.

Construct validity includes two types of validity that are convergent validity and discriminant validity. Convergent validity means that measurements that theoretically should be related are in fact related. Discriminant validity means that constructs that theoretically should not be related to each others are observed as not being related.

Construct validity: Convergent validity

To assess convergent validity, we proceeded to a factor analysis with each of our constructs. A Principal Component Analysis (PCA) for each construct yielded a one factor solution for the exogenous constructs DISC1, PE1, NE1, NE2, PE3, NE3, and

the endogenous constructs SAT1 and LOY (Table 5-14 to Table 5-21).

	Component
	1
HOLARBO	.760
HOLARAS	.795
HOLARTR	.772
ARRFIRS	.739
ARRFRIE	.795
ARRCHEC	.824

Extraction Method: Principal Component Analysis.

a   1 components extracted.

Table 5-14: DISC1 construct component matrix

	Component
	1
PE1COM	.674
PE1WEL	.626
PE1IMP	.697
PE1HAP	.671
PE1PEA	.769
PE1AMA	.750
PE1ENT	.770
PE1WAR	.752
PE1EXC	.625
PE1CON	.643
PE1RES	.779

Extraction Method: Principal Component Analysis.

a   1 components extracted.

Table 5-15: PE1 construct component matrix

	Component
	1
NE1BOR	.708
NE1TEN	.660
NE1DIS	.927
NE1FRU	.885
NE1LAZ	.567
NE1SAD	.854
NE1EMB	.867
NE1SCA	.883
NE1IGN	.868

Extraction Method: Principal Component Analysis.

a   1 components extracted.

Table 5-16: NE1 construct component matrix

	Component
	1
NE2DIS	.709
NE2TEN	.728
NE2FRU	.853
NE2EMB	.771
NE2IGN	.826
NE2SCA	.828
NE2SAD	.781
NE2BOR	.737

Extraction Method: Principal Component Analysis.

a   1 components extracted.

Table 5-17: NE2 construct component matrix

	Component
	1
PE3COM	.560
PE3WEL	.711
PE3IMP	.507
PE3HAP	.547
PE3PEA	.522
PE3AMA	.617
PE3ENT	.755
PE3WAR	.752
PE3EXC	.746
PE3CON	.642
PE3RES	.697

Extraction Method: Principal Component Analysis.

a   1 components extracted.

Table 5-18: PE3 construct component matrix

	Component
	1
NE3BOR	.771
NE3TEN	.682
NE3DIS	.867
NE3FRU	.783
NE3LAZ	.584
NE3EMB	.907
NE3SCA	.815
NE3IGN	.784

Extraction Method: Principal Component Analysis.

a   1 components extracted.

Table 5-19: NE3 construct component matrix

Component	
	1
SATHOLAR	.894
SATARR	.894

Extraction Method: Principal Component Analysis.
a 1 components extracted.

Table 5-20: SAT1 construct component matrix

Component	
	1
LOY3	.734
LOY1	.875
LOY2	.895

Extraction Method: Principal Component Analysis.
a 1 components extracted.

Table 5-21: LOY construct component matrix

The communality tables (Table 5-22 to Table 5-29) for each construct show that each item explains a substantial percentage of variance of the construct. However, communalities for negative emotions during Phase 1 and Phase 3 (respectively Table 5-24 and Table 5-27) are lower than the usual cut-off value of 0.5 for 2 items: Tense and Lazy, with communalities for NE1TEN, NE3TEN, NE1LAZ and NE3LAZ being respectively 0.436, 0.465, 0.322 and 0.342. The communalities for the Tense items are not far from the 0.5 cut-off value. Additionally, there is no theoretical support indicating Tense should be deleted from the scales. However, item reduction analysis has already resulted in the exclusion of Lazy during Phase 2 (NE2LAZ) from the scale, based upon theoretical reason. For the same reason as stated in previous section, we hence delete the Lazy item from the two scales.

	Initial	Extraction
HOLARBO	1.000	.578
HOLARAS	1.000	.633
HOLARTR	1.000	.595
ARRFIRS	1.000	.546
ARRFRIE	1.000	.632
ARRCHEC	1.000	.679

Extraction Method: Principal Component Analysis.

Table 5-22: Communality statistics for DISC1

	Initial	Extraction
PE1COM	1.000	.728
PE1WEL	1.000	.790
PE1IMP	1.000	.491
PE1HAP	1.000	.466
PE1PEA	1.000	.604
PE1AMA	1.000	.693
PE1ENT	1.000	.614
PE1WAR	1.000	.665
PE1EXC	1.000	.502
PE1CON	1.000	.421
PE1RES	1.000	.615

Extraction Method: Principal Component Analysis.

Table 5-23: Communality statistics for PE1

94

	Initial	Extraction
NE1BOR	1.000	.502
NE1TEN	1.000	**.436**
NE1DIS	1.000	.860
NE1FRU	1.000	.782
NE1LAZ	1.000	**.322**
NE1SAD	1.000	.730
NE1EMB	1.000	.751
NE1SCA	1.000	.780
NE1IGN	1.000	.753

Extraction Method: Principal Component Analysis.

Table 5-24: Communality statistics for NE1

	Initial	Extraction
NE2DIS	1.000	.502
NE2TEN	1.000	.530
NE2FRU	1.000	.728
NE2EMB	1.000	.595
NE2IGN	1.000	.682
NE2SCA	1.000	.685
NE2SAD	1.000	.609
NE2BOR	1.000	.543

Extraction Method: Principal Component Analysis.

Table 5-25: Communality statistics for NE2

	Initial	Extraction
PE3COM	1.000	.814
PE3WEL	1.000	.649
PE3IMP	1.000	.423
PE3HAP	1.000	.653
PE3PEA	1.000	.387
PE3AMA	1.000	.796
PE3ENT	1.000	.730
PE3WAR	1.000	.686
PE3EXC	1.000	.656
PE3CON	1.000	.719
PE3RES	1.000	.793

Extraction Method: Principal Component Analysis.

Table 5-26: Communality statistics for PE3

	Initial	Extraction
NE3BOR	1.000	.594
NE3TEN	1.000	**.465**
NE3DIS	1.000	.752
NE3FRU	1.000	.614
NE3LAZ	1.000	**.342**
NE3EMB	1.000	.822
NE3SCA	1.000	.664
NE3IGN	1.000	.614

Extraction Method: Principal Component Analysis.

Table 5-27: Communality statistics for NE3

	Initial	Extraction
SATHOLAR	1.000	.800
SATARR	1.000	.800

Extraction Method: Principal Component Analysis.

Table 5-28: Communality statistics for SAT1

	Initial	Extraction
LOY3	1.000	.539
LOY1	1.000	.765
LOY2	1.000	.801

Extraction Method: Principal Component Analysis.

Table 5-29: Communality statistics for LOY

A Principal Component Analysis with the remaining factors DISC2, PE2, and BMEMO yielded a three factors solution for DISC2 (Table 5-30), a two factors solution for PE2 (Table 5-32), and a two factors solution for BMEMO (Table 5-34).

	Component		
	1	2	3
VILAMB	.761	2.525E-02	-.206
VILFUR	.666	-4.607E-02	-.297
ROOFUR	.646	.565	-.319
ROOCOM	.696	.508	-.303
RESVAR	.714	-.453	-.224
RESQUA	.754	-.471	-.213
RESAMB	.772	-.381	-.100
ACTCHOI	.739	.179	.136
ACTENT	.751	.336	.129
ACTSPO	.804	.127	5.910E-02
GOLANG	**.423**	**.215**	**.593**
GOFRIEN	.742	-.161	.239
GOHELP	.776	-.199	.315
GOVIS	.786	-4.832E-02	.320

Extraction Method: Principal Component Analysis.

a   3 components extracted.

Table 5-30: DISC2 construct component matrix

	Initial	Extraction
VILAMB	1.000	.588
VILFUR	1.000	.449
ROOFUR	1.000	.779
ROOCOM	1.000	.783
RESVAR	1.000	.697
RESQUA	1.000	.775
RESAMB	1.000	.734
ACTCHOI	1.000	.579
ACTENT	1.000	.667
ACTSPO	1.000	.661
GOFRIEN	1.000	.580
GOHELP	1.000	.650
GOVIS	1.000	.613

Extraction Method: Principal Component Analysis.

Table 5-31: Communality statistics for DISC2

Table 5-30 indicates that GOLANG (ability of the staff to speak the respondents' language) has the smallest loading on the first component and loads highly on the third component; hence we deleted it from the scale. This small loading may be due to the fact that the questionnaire was only available in English so the respondents were necessarily able to speak English and consequently language and ability of staff to speak their language were not an issue for them. The iteration of PCA with the remaining items yielded a two factors solution. However, the first component explained for 54.96% of the total variance. All items loaded highly on the first component, and the two items that loaded highly on the second component were the two items related to the rooms. Furthermore, accommodation has been acknowledged as an important pole of the tourism experience (Chadee and Mattsson, 1996). For these reasons, we did not delete the items ROOCOM and ROOFUR (comfort of the room and furniture of the room).

The communality table (Table 5-31) obtained after deletion of the item GOLANG suggests that all items account for a substantial percentage of the variance of the construct.

	Component	
	1	2
PE2EXC	.562	-.236
PE2WAR	.712	-.163
PE2SEC	**.492**	**.747**
PE2AMA	.634	-.488
PE2ENT	.673	-.261
PE2IMP	.749	1.195E-02
PE2RES	.645	.553

Extraction Method: Principal Component Analysis.
a   3 components extracted.

Table 5-32: PE2 construct component matrix

	Initial	Extraction
PE2EXC	1.000	.371
PE2WAR	1.000	.534
PE2SEC	1.000	.800
PE2AMA	1.000	.640
PE2ENT	1.000	.521
PE2IMP	1.000	.561
PE2RES	1.000	.722

Extraction Method: Principal Component Analysis.

Table 5-33: Communality statistics for PE2

Table 5-32 above indicates that Secure loads highly on the second component. However, according to Barsky and Nash (2002), the emotion Secure is one of the key emotions to loyalty. Hence we do not delete this item from the scale. The communality Table 5-33 shows that no item should be deleted based on the communality criterion.

	Component	
	1	2
BMROM	.688	-.456
BMAMA	.603	.529
BMHAP	.481	.313
BMEXC	.636	.425
BMLOV	.826	-.189
BMIMP	.689	.173
BMPEA	.577	-.673

Extraction Method: Principal Component Analysis.
a   2 components extracted.

Table 5-34: BMEMO construct component matrix

	Component	
	1	2
BMROM	.191	.803
BMAMA	**.802**	**2.461E-02**
BMHAP	**.565**	**9.942E-02**
BMEXC	**.754**	**.124**
BMLOV	.475	.702
BMIMP	.621	.344
BMPEA	-3.812E-02	.886

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization..

Table 5-35: BMEMO construct rotated component matrix (Varimax rotation)

A PCA for construct BMEMO (emotions during the best moment) yielded a two

factors solution (see Table 5-34 above). A Varimax rotation put in evidence that the items Amazed, Happy and Excited loaded on another component (see Table 5-35). Hence, these three items were excluded from the scale. A new PCA with the remaining items resulted in a one factor component, explaining for 58.2% of the total variance (Table 5-36) .The analysis of the communality table for this construct did not suggest any problem.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.328	58.200	58.200	2.328	58.200	58.200
2	.776	19.392	77.591			
3	.468	11.702	89.293			
4	.428	10.707	100.000			

Extraction Method: Principal Component Analysis.

Table 5-36:   Total Variance Explained for BMEMO construct

Construct validity: Discriminant validity

To check for discriminant validity, we verified that the correlations among items within the same construct showed a higher correlation than with items of every other constructs. All items met this criterion, so we assumed discriminant validity.

Reliability

Reliability is the consistency of the measurement, this-is-to-say the degree to which an instrument measures the same way each time it is used under the same condition with the same subjects. The most common approach of testing for reliability with multi-items measures is to use internal consistency measures. Among them,

"Cronbach's alpha is the most widely used and is the most suitable" (deVaus, 2003).

De Vaus (2003) states that "the strength of alpha is that it provides the most thorough analysis of patterns of internal consistency". The usual cut off value for the alpha is 0.7, a scale having an alpha larger than it being considered as reliable.

Table 5-37, Table 5-38 and Table 5-39 in section 5.2.4.3 below indicate that each of our constructs shows good internal consistency.

5.2.4.3 **Summary**

In this section we summarize the results related to our scale analysis: for each construct, we present the items that measure it, the loadings of the items and the reliability of the scale.

Table 5-37 presents the exogenous variables related to disconfirmation of expectations, while Table 5-38 presents the ones related to emotions. Table 5-39 relates to the endogenous variables.

Construct/Indicator	Factor Loadings	Reliability Analysis α	Percent of Variance Explained
Disconfirmation of expectations - Phase 1			
Booking procedure	0.760	0.872	61.057
Assistance given at the airport	0.795		
Transfer from airport to resort	0.772		
First impression of the resort	0.739		
Friendliness of the welcome	0.795		
Check-in procedure	0.824		
Disconfirmation of expectations - Phase 2			
General ambiance of the resort	0.765	0.931	54.958
Furnishing & décor of the resort	0.670		
Furnishing & décor of the room	0.646		
Comfort of the room	0.697		
Food variety in the restaurants	0.722		
Quality of food	0.762		
General ambiance of the restaurant	0.776		
Choice of activities	0.739		
Quality of entertainment activities	0.747		
Quality of sports activities	0.803		
Staff friendliness	0.740		
Staff helpfulness	0.775		
Staff visibility	0.779		

Table 5-37:   Disconfirmation of expectations constructs

Construct/Indicator	Factor Loadings	Reliability Analysis α	Percent of Variance Explained
Emotions of the best moment			
Romantic	0.800	0.756	58.200
Loving	0.836		
Important	0.619		
Peaceful	0.778		
Positive emotions during Phase 1			
Comfortable	0.674	0.897	50.045
Welcome	0.626		
Important	0.697		
Happy	0.671		
Peaceful	0.769		
Amazed	0.750		
Entertained	0.770		
Warm-hearted	0.752		
Excited	0.625		
Contented	0.643		
Respected	0.779		
Negative emotions during Phase 1			
Bored	0.707	0.936	70.566
Tense	0.669		
Discontented	0.930		
Frustrated	0.896		
Sad	0.843		
Embarrassed	0.872		
Scared	0.886		
Ignored	0.879		
Positive emotions during Phase 2			
Excited	0.562	0.761	41.379
Warm-hearted	0.712		
Secure	0.492		
Amazed	0.634		
Entertained	0.673		
Important	0.749		
Respected	0.645		
Negative emotions during Phase 2			
Discontented	0.709	0.909	60.923
Tense	0.728		
Frustrated	0.853		
Embarrassed	0.771		
Ignored	0.826		
Scared	0.828		
Sad	0.781		
Bored	0.737		
Positive emotions during Phase 3			
Comfortable	0.560	0.855	41.976
Welcome	0.711		
Important	0.507		
Happy	0.547		
Peaceful	0.522		
Amazed	0.617		
Entertained	0.755		
Warm-hearted	0.752		
Excited	0.746		
Contented	0.642		
Respected	0.697		
Negative emotions during Phase 3			
Bored	0.753	0.909	66.083
Tense	0.710		
Discontented	0.876		
Frustrated	0.796		
Embarrassed	0.908		
Scared	0.840		
Ignored	0.791		

Table 5-38:   Emotional constructs

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Construct/Indicator	Factor Loadings	Reliability Analysis α	Percent of Variance Explained
Satisfaction with Phase 1			
Satisfaction with holiday arrangements	0.894	0.748	79.951
Satisfaction with arrival at the resort	0.894		
Loyalty			
Future intent to come back	0.875	0.781	70.198
First choice for next holiday	0.895		
Recommendation to relatives	0.734		

Table 5-39:   Endogenous constructs

5.2.5 Descriptive statistics

Table 5-40 presents the means, standard deviations and correlation coefficients for

the variables used in the regression analysis and for the indicator variables used in

the structural equation model.

Variable	Range min-Max	Mean	S.D.	DISC1	ENV	SERV	STAFF	DISC2	DISC3	PE1	NE1	PE2	NE2	PE3	NE3	BMALL	NBNIGHTS	SAT1	SAT2	SAT3	OVERSAT	LOY
DISC1	2 - 5	4.023	0.700	1																		
				.																		
ENV	1.5 - 5	3.818	0.732	0.713**	1																	
				0.000	.																	
SERV	2.33 - 5	4.022	0.709	0.669**	0.682**	1																
				0.000	0.000	.																
STAFF	1 - 5	4.160	0.888	0.709**	0.636**	0.723**	1															
				0.000	0.000	0.000	.															
DISC2	2 - 5	3.981	0.639	0.768**	0.884**	0.922**	0.825**	1														
				0.000	0.000	0.000	0.000	.														
DISC3	1 - 5	3.881	0.909	0.621**	0.524**	0.626**	0.602**	0.645**	1													
				0.000	0.000	0.000	0.000	0.000	.													
PE1	1.24 - 4	2.938	0.624	0.494**	0.388**	0.431**	0.412**	0.482**	0.393**	1												
				0.000	0.000	0.000	0.000	0.000	0.001	.												
NE1	1 - 4	1.740	0.771	0.231*	0.175	0.241*	0.124	0.273*	0.112	0.394**	1											
				0.045	0.115	0.036	0.270	0.018	0.361	0.000	.											
PE2	1.22 - 4	3.033	0.601	0.545**	0.449**	0.482**	0.534**	0.527**	0.319**	0.705**	0.158	1										
				0.000	0.000	0.000	0.000	0.000	0.006	0.000	0.161	.										
NE2	1 - 4	1.491	0.631	0.065	0.032	0.119	0.074	0.118	-0.038	0.377**	0.777**	0.168	1									
				0.564	0.770	0.292	0.498	0.295	0.753	0.001	0.000	0.124	.									
PE3	1.27 - 4	3.019	0.599	0.314**	0.364**	0.427**	0.372**	0.441**	0.170	0.426**	0.237*	0.544**	0.072	1								
				0.007	0.001	0.000	0.001	0.000	0.163	0.000	0.044	0.000	0.541	.								
NE3	1 - 4	1.578	0.700	0.186	0.163	0.247*	0.177	0.272*	0.063	0.387**	0.836**	0.214	0.792**	0.242*	1							
				0.113	0.154	0.034	0.124	0.020	0.605	0.001	0.000	0.065	0.000	0.036	.							
BMALL	1 - 4	2.780	0.817	0.317**	0.217*	0.203	0.336**	0.238*	0.235*	0.465**	0.430**	0.316**	0.268*	0.188	0.346**	1						
				0.003	0.041	0.066	0.001	0.032	0.038	0.000	0.000	0.005	0.020	0.119	0.003	.						
NBNIGHTS	2 - 15	6.158	3.041	-0.140	-0.113	-0.132	-0.159	-0.145	-0.028	-0.335**	-0.280**	-0.279**	-0.409**	0.003	-0.392**	-0.096	1					
				0.157	0.246	0.191	0.103	0.152	0.789	0.002	0.010	0.009	0.000	0.981	0.000	0.369	.					
SAT1	3 - 5	4.259	0.573	0.542**	0.520**	0.581**	0.455**	0.601**	0.553**	0.258*	-0.002	0.269*	-0.205	0.408**	0.014	0.095	0.079	1				
				0.000	0.000	0.000	0.000	0.000	0.000	0.022	0.983	0.013	0.060	0.000	0.904	0.378	0.411	.				
SAT2	2 - 5	4.492	0.637	0.479**	0.494**	0.532**	0.527**	0.572**	0.475**	0.090	-0.121	0.221*	-0.306**	0.357**	-0.119	0.174	0.225*	0.567**	1			
				0.000	0.000	0.000	0.000	0.000	0.000	0.429	0.278	0.040	0.004	0.001	0.301	0.097	0.017	0.000	.			
SAT3	2 - 5	4.309	0.739	0.332**	0.274**	0.341**	0.230*	0.315**	0.603**	0.146	0.031	0.117	-0.085	0.294*	0.005	0.202	0.332**	0.479**	0.406**	1		
				0.001	0.005	0.001	0.020	0.002	0.000	0.213	0.792	0.302	0.457	0.012	0.967	0.062	0.001	0.000	0.000	.		
OVERSAT	2 - 5	4.504	0.672	0.420**	0.474**	0.576**	0.519**	0.563**	0.415**	0.113	-0.156	0.240*	-0.297**	0.369**	-0.061	0.179	0.313**	0.529**	0.729**	0.424**	1	
				0.000	0.000	0.000	0.000	0.000	0.000	0.317	0.160	0.025	0.005	0.001	0.597	0.087	0.001	0.000	0.000	0.000	.	
LOY	2 - 5	4.211	0.686	0.405**	0.444**	0.588**	0.519**	0.570**	0.342**	0.183	0.044	0.327**	-0.074	0.478**	0.076	0.146	0.090	0.478**	0.591**	0.467**	0.667**	1
				0.000	0.000	0.000	0.000	0.000	0.001	0.113	0.699	0.003	0.509	0.000	0.522	0.180	0.360	0.000	0.000	0.000	0.000	.

* p<0.05   ** p<0.01   (2-tailed)

DISCi=Disconfirmation of Expectations with Phase i, PEi=Positive Emotions during Phase i, NEi=Negative Emotions during Phase I, BMALL=Emotions during the Best Moment

SATi=Satisfaction with Phase i, OVERSAT=Overall Satisfaction, LOY=Loyalty

ENV=Disconfirmation of Expectations with Phase 2 related to Environment, SERV=Disconfirmation of Expectations with Phase 2 related to Service, STAFF=Disconfirmation of Expectations with Phase 2 related to Staff

Table 5-40:   Descriptive statistics and correlation coefficients

5.3 What emotions matter?

One of the objectives of our study was to assess what emotions matter to achieve customer satisfaction and to trigger loyalty behaviours. This was the topic of our first research sub-question. To answer it, we studied the correlation between emotions, satisfaction and loyalty to identify the significant interactions.

We grouped the different emotions following Weiner's (1985) attributional theory. We hence divided negative emotions into the three categories recommended by Weiner: situation-attributed emotions (sad, scared, tense, bored), other-attributed emotions (ignored, frustrated, discontented) and self-attributed emotions (embarrassed). Since Weiner focused mainly on negative emotions, we used Plutchik's (1977) theory in order to classify positive emotions. We formed three categories of positive emotions that are basic emotions (comfortable, happy, contented, peaceful, warm-hearted), self-related emotions (welcome, important, respected) and arousal-related emotions (excited, entertained, amazed).

We used a correlation table (Table 5-41) to assess the relationships between each type of emotion and overall satisfaction and loyalty.

	PE1AROUS	PE1SELF	PE1BASIC	NE1SIT	NE1SELF	NE1OTHER
OVERSAT Pearson Correlation	0.163	0.021	0.082	-0.136	-0.156	-0.126
Sig. (2-tailed)	0.141	0.849	0.458	0.215	0.155	0.254
LOY Pearson Correlation	0.217	0.096	0.179	0.067	-0.046	0.111
Sig. (2-tailed)	0.055	0.407	0.113	0.554	0.688	0.327
	PE2AROUS	PE2SELF	PE2BASIC	NE2SIT	NE2SELF	NE2OTHER
OVERSAT Pearson Correlation	0.171	**0.283**	0.117	*-0.253*	*-0.210*	**-0.301**
Sig. (2-tailed)	0.109	0.007	0.265	0.017	0.043	0.004
LOY Pearson Correlation	*0.269*	**0.316**	0.190	-0.051	-0.096	-0.163
Sig. (2-tailed)	0.013	0.003	0.077	0.642	0.373	0.136
	PE3AROUS	PE3SELF	PE3BASIC	NE3SIT	NE3SELF	NE3OTHER
OVERSAT Pearson Correlation	0.196	**0.434**	**0.353**	-0.048	-0.028	-0.126
Sig. (2-tailed)	0.086	0.000	0.001	0.670	0.807	0.267
LOY Pearson Correlation	**0.325**	**0.450**	**0.432**	0.121	0.112	-0.054
Sig. (2-tailed)	0.005	0.000	0.000	0.302	0.343	0.646

Coefficient in **bold** Correlation is significant at the 0.01 level (2-tailed).

Coefficient in *italic* Correlation is significant at the 0.05 level (2-tailed).

Table 5-41: **Correlation table of emotions and post-consumption processes**

The analysis of the correlation table shows that emotions during the first phase do not affect significantly post-consumption processes such as overall satisfaction and loyalty behaviours.

The fact that PE2SELF (secure, important, respected) affects significantly both overall satisfaction and loyalty behaviours confirms what we learned from the practitioners: giving a feeling of importance and recognition to the customers is crucial to achieve satisfaction and loyalty. At the same time, the basic emotions (PE2BASIC) have not been found to be significantly correlated to overall satisfaction or loyalty behaviours; a reason for this could be that they are the "basics" of what customers expect from their holiday and hence do not specifically leverage satisfaction nor loyalty attitudes.

Another remark we can draw from the above table is that the three categories of negative emotions related to the stay (Phase 2) have a significant impact on overall satisfaction, the more important of the three being other-attributed negative emotions.

This confirms Oliver's (1993) findings stating that negative emotions triggered by others are more likely to affect negatively satisfaction.

Whereas negative emotions during Phase 3 were not found significantly correlated to overall satisfaction nor loyalty behaviours, positive emotions were found to be. The importance of positive emotions at the last stage of the service experience may be due to the "accumulation" of the emotions all along the stay, or due to the emotional remembrance of the holiday as a whole.

An additional remark is that PE2AROUS and PE3AROUS (excited, entertained, amazed) are highly correlated with loyalty behaviours but not with satisfaction. We infer that eliciting these emotions among their customers could help hotel industry players to turn their satisfied customers into loyal customers. This is consistent with the more and more widely held belief among hospitality managers on the need to create the "wow" effect during their guests' experience with their hotel.

5.4 Test of moderating hypothesis

Following Wirtz and Bateson (1999) analytical procedure, we test our nonlinear hypothesis (H4) prior to the structural equation model in order to keep the latter as parsimonious as possible and avoid identification problems.

To test this hypothesis, we will use ordinary least squares regression. We hence first test the underlying assumptions pertaining to this type of regression. We then test our hypothesis.

5.4.1 Linear regression assumption checking

The assumptions related to linear regression are that the residuals are normally distributed and have constant variance, the variables are measured without error, and important predictor variables are not missing in the model. We will here test the first two assumptions, the latter being assumed from our theoretical model.

In our study, we are interested in two outcome (or dependent) variables. We thus have 2 levels of analysis, the first one consisting in taking overall satisfaction as the dependent variable, the second one considering loyalty as the dependent variable. The check of assumptions is done considering these two analyses related to the two dependent variables.

5.4.1.1   <u>Normality of the residual</u>

We first regress OVERSAT on disconfirmation of expectations, satisfaction and emotions at each phase. We obtain the following plots.
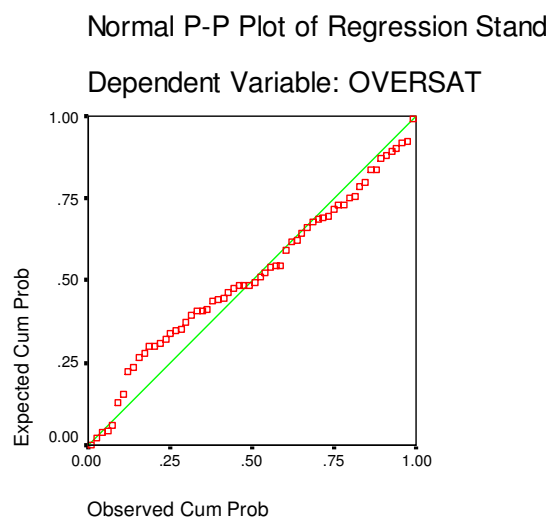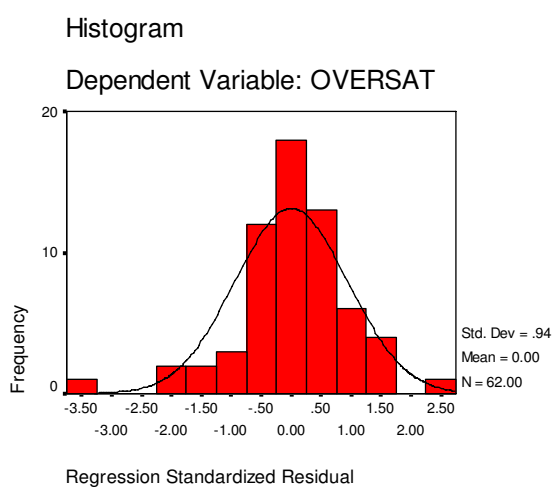
Figure 5-1: Distribution of the regression standardized residual for OVERSAT

Figure 5-2: Normality plot of the regression standardized residual for OVERSAT

Secondly, we regress LOY on satisfaction and emotions at each phase and overall satisfaction to obtain the following graphs.
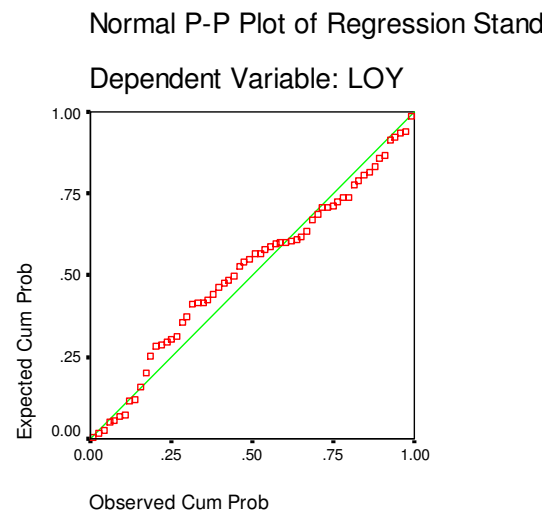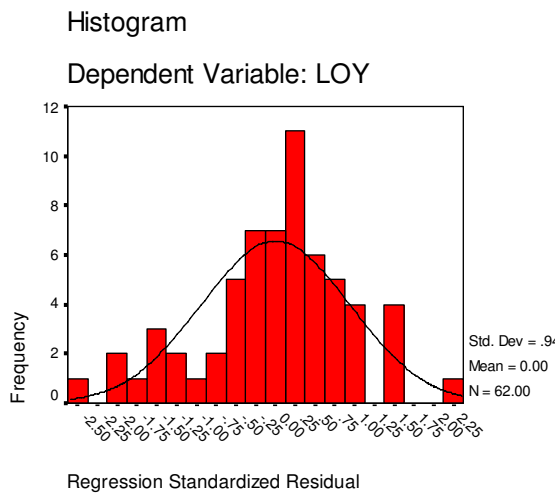
Figure 5-3: Distribution of the regression standardized residual for LOY

Figure 5-4: Normality plot of the regression standardized residual for LOY

The above figures allow us to conclude that the assumption of normality of residual is to a large degree conformed.

5.4.1.2   <u>Constancy of residuals</u>

We plotted the residuals of each dependent variable; the scattered plots thus obtained did not show clear patterns, either when the dependent variable is overall satisfaction or loyalty. We hence conclude that the assumptions of linear regression are not violated in our study and we proceed to the test of hypothesis.

5.4.2 Moderating role of length of stay (H4)

We hypothesised that the length of the stay would act as a moderator on the

relationship between the stay and post-consumption processes (satisfaction and loyalty) (H4).

We used the standardized values (z-scores that can be computed by most of statistical packages including SPSS) of the dependent and moderator variables following Frazier, Tix and Barron (2004)'s recommendation. Among other benefits, centring or standardizing continuous variables reduces problems of multicollinearity among the variables used in the regression (see for example, Cohen et al., 2003).

5.4.2.1   Moderating role of length of stay on overall satisfaction

We first study the moderating effect of the length of stay (measured by number of nights NBNIGHTS) on the relationships between overall satisfaction and the elements related to the stay (Phase 2), that are DISC2, satisfaction with Phase 2 and emotions during Phase 2. The results are presented in Table 5-42.

Model 1 is a regression of OVERSAT on all its antecedents. In Model 2, we introduce the moderator variable (length of stay) by adding the 4 cross-products we are interested in. The regression does not change with the addition of this moderator effect, and the adjusted R^2 decreases from 0.548 to 0.543. The decrease is not significant at the 0.05 level. Besides, none of the cross-products is found to have a significant effect on overall satisfaction.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	0.789	0.622	0.548	0.434	0.622	8.409	10	51	0.000
2	0.805	0.648	0.543	0.437	0.025	0.849	4	47	0.501

a   Predictors: (Constant), Zscore(DISC2), Zscore(NE2), Zscore(SATDEP), Zscore(PE3), Zscore(PE1), Zscore(SAT1), Zscore(SATSTAY), Zscore(NE1), Zscore(PE2), Zscore(NE3)

b   Predictors: (Constant), Zscore(DISC2), Zscore(NE2), Zscore(SATDEP), Zscore(PE3), Zscore(PE1), Zscore(SAT1), Zscore(SATSTAY), Zscore(NE1), Zscore(PE2), Zscore(NE3), ZNXPE2, ZNXS2, ZNXD2, ZNXNE2

Table 5-42: **Test of moderating effect of the length of stay on the relationship between the constituents of Phase 2 and overall satisfaction**

We further try to test for the length of stay as a moderator by introducing a quadratic moderation effect. The regression changes with the addition of this moderator effect, and the adjusted R^2 increases from 0.548 to 0.582, this-is-to-say by 0.044. This increase is significant at the 0.05 level. There is no multicollinearity problem (the VIF coefficients are all smaller than 10). We find that the only interaction that is significant at the 0.05 level is the quadratic interaction between the length of stay (NBNIGHTS) and the negative emotions during the stay (NE2) with $\beta = -0.445$.

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	4.432	0.060		73.401	0.000		
	Zscore(SATDEP)	0.100	0.063	0.159	1.585	0.119	0.739	1.353
	Zscore(PE1)	0.016	0.088	0.027	0.186	0.853	0.362	2.760
	Zscore(NE1)	-0.181	0.117	-0.274	-1.547	0.128	0.237	4.226
	Zscore(PE2)	-0.041	0.094	-0.065	-0.438	0.663	0.336	2.977
	Zscore(NE2)	-0.082	0.102	-0.131	-0.805	0.425	0.281	3.564
	Zscore(PE3)	0.033	0.073	0.052	0.460	0.647	0.570	1.755
	Zscore(NE3)	0.066	0.140	0.093	0.473	0.638	0.189	5.285
	Zscore(SATSTAY)	0.297	0.094	0.385	3.168	0.003	0.502	1.992
	Zscore(SAT1)	0.027	0.077	0.042	0.355	0.724	0.522	1.916
	Zscore(DISC2)	0.265	0.100	0.347	2.659	0.010	0.434	2.304
2	(Constant)	4.375	0.092		47.761	0.000		
	Zscore(SATDEP)	0.039	0.068	0.061	0.570	0.571	0.594	1.683
	Zscore(PE1)	0.008	0.087	0.013	0.091	0.928	0.340	2.942
	Zscore(NE1)	-0.125	0.130	-0.189	-0.956	0.344	0.176	5.675
	Zscore(PE2)	-0.138	0.140	-0.219	-0.984	0.330	0.139	7.199
	Zscore(NE2)	0.128	0.159	0.203	0.805	0.425	0.108	9.278
	Zscore(PE3)	-0.034	0.080	-0.054	-0.429	0.670	0.434	2.306
	Zscore(NE3)	-0.009	0.146	-0.012	-0.060	0.952	0.162	6.173
	Zscore(SATSTAY)	0.288	0.140	0.373	2.062	0.045	0.209	4.779
	Zscore(SAT1)	0.065	0.079	0.100	0.824	0.415	0.463	2.159
	Zscore(DISC2)	0.435	0.148	0.570	2.930	0.005	0.181	5.513
	ZNXPE2	-0.107	0.082	-0.146	-1.293	0.203	0.536	1.865
	ZNXNE2	-0.059	0.135	-0.081	-0.437	0.665	0.200	5.001
	ZNXD2	0.015	0.144	0.018	0.107	0.915	0.229	4.371
	ZNXS2	0.116	0.125	0.129	0.926	0.360	0.355	2.815
	Z2NXS2	0.027	0.134	0.039	0.198	0.844	0.180	5.547
	Z2NXD2	-0.123	0.142	-0.198	-0.869	0.390	0.132	7.586
	Z2NXPE2	0.151	0.133	0.236	1.136	0.262	0.159	6.283
	Z2NXNE2	**-0.251**	0.104	**-0.445**	-2.418	**0.020**	0.202	4.949

a   Dependent Variable: OVERSAT

Table 5-43: **Multiple regression with length of stay as a moderator variable**

Figure 5-5 shows the evolution of the coefficient slope of negative emotions during the stay (E2) with the length of the stay.
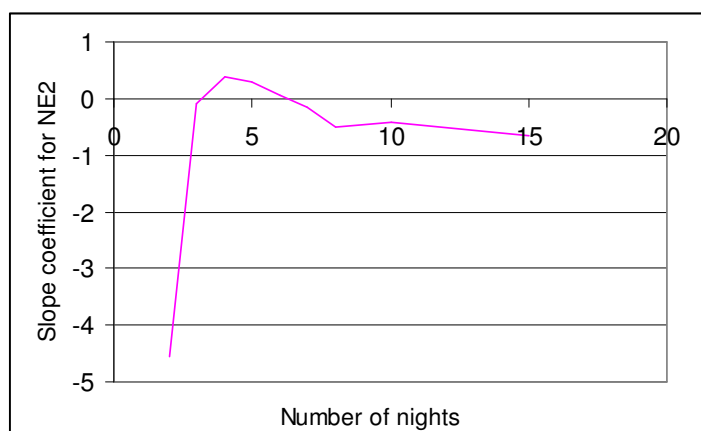
Figure 5-5:   Evolution of the slope coefficient of negative emotion during the stay with the length of the stay

The results obtained for our data set show that the shorter the stay, the larger the impact of negative emotions during the stay on overall satisfaction. This result goes against what we envisaged. As we hypothesized, this impact is negative. The slope coefficient reaches a positive maximum for stays of 4 nights, reaches a zero value for 6 nights and then decreases almost linearly when the length of the stay increases. Although this positive slope coefficient is difficult to interpret, the remaining part of the slope makes us infer that, after a certain time, the impact of negative emotions will increase with the length of the stay.

Additionally, the fact that negative emotions have the greatest impact when the stay is shorter may be explained by the fact that the negative events and negative emotions are more significant when they occur over a short period. A longer stay would tend to have the effects of negative emotions attenuated.

Hypothesis H4 on the moderating effect of the length of the stay is partially

supported.

The following step is to study the moderator effect of the length of the stay on loyalty.

5.4.2.2 <u>Moderating role of length of the stay on loyalty</u>

We proceeded in a similar way as above to test for the moderating role of length of stay when the dependent variable is loyalty. Indeed, no significant increase of R^2 resulted from the introduction of interactions between NE2, PE2 and length of stay. Additionally, the interactions terms were not found significant in the regression. Considering quadratic interaction did not provide results supporting the moderating effect of length of stay.

We concluded that the length of stay did not play a moderator role on the relationships between loyalty and its antecedents.

5.5 Structural equation modelling (SEM)

Since our project intends to measure different dependence relationships simultaneously, we adopted a structural equation modelling approach, as mentioned in paragraph 4.4. Because of its being widely used in the research areas requiring the use of structural equations, we chose the software LISREL.

5.5.1 Structural equation modelling assumption checking

Because our sample size is small, we avoid identification issues by keeping our

model parsimonious. In this view, we averaged some of our indicators to reduce the numbers of paths and errors to be estimated by LISREL. This approach reduces the number of indicators that is recommended to be at least of 3 per latent variable.

The most common estimation method of SEM packages is Maximum Likelihood Estimation (MLE). The assumptions about the data underlying MLE are the multivariate normal distribution of the indicators and in particular of the endogenous variables. Moreover complete multicollinearity is assumed to be absent since it would prevent SEM solutions because of singular covariance matrices. High multicollinearity may lead to problems of empirical under-identification and decrease the reliability of the SEM estimates.

5.5.1.1 <u>Test of normality, skewness and kurtosis</u>

We test for the normal distribution of the indicators, using the One-sample Kolmogorov-Smirnov test that evaluates if the null hypothesis saying that the observed distribution is normal should be rejected. We also look for skewness and kurtosis. A classic rule of thumb is that skewness and kurtosis should be within -1 and +1. Results are presented in Table 5-44 below.

	DISC1	ENV	SERV	STAFF	DISC3	PE1	NE1	PE2	NE2	PE3	NE3	BMALL	SAT1	SAT2	SAT3	OSAT	LOY
Kolmogorov-Smirnov Z	1.095	1.363	1.349	2.013	2.065	0.619	1.716	0.528	2.038	0.740	1.805	1.157	2.804	3.768	2.845	4.011	1.475
Asymp. Sig. (2-tailed)	0.181	0.049	0.052	0.001	0.000	0.838	0.006	0.943	0.000	0.644	0.003	0.137	0.000	0.000	0.000	0.000	0.026
Skewness	-0.187	-0.087	-0.376	-1.208	-0.413	-0.474	1.345	-0.402	1.761	-0.288	1.866	-0.540	-0.202	-1.077	-0.149	-1.186	-0.804
Kurtosis	-0.714	-0.182	-0.850	1.704	-0.249	0.136	1.254	-0.038	3.172	-0.642	3.402	-0.334	-0.516	1.031	0.262	0.879	0.344

Table 5-44:   Test of normality, skewness and kurtosis

5.5.1.2 Test of multicollinearity

Multicollinearity diagnostics may be obtained using measures based on a multiple correlation approach, such as tolerance and variable inflation factor (VIF) statistics, the latter being the inverse of the former. Low tolerance indicates high multicollinearity. The general rule of thumb to detect variables that could present multicollinearity problems is a VIF greater than 5 or a tolerance lower than 0.2 (de Vaus, 2003). From Table 5-45, no multicollinearity problem was detected.

| Variables | Collinearity Statistics | |
	Tolerance	VIF
DISC1	0.254	3.930
ENV	0.429	2.334
SERV	0.277	3.607
STAFF	0.282	3.551
DISC3	0.360	2.779
PE1	0.295	3.395
NE1	0.235	4.257
PE2	0.266	3.766
NE2	0.245	4.085
PE3	0.420	2.380
NE3	0.208	4.814
BMALL	0.580	1.723
SAT1	0.450	2.220
SAT2	0.286	3.496
SAT3	0.517	1.935
OVERSAT	0.214	4.677

Table 5-45: **Test of multicollinearity**

5.5.2 Treatment of missing data

Due to the number of items of our survey instrument, some respondents did not answer to some questions. Hence, although as a whole few data were missing, listwise deletion would have led to discarding a large proportion of the data. But structural equation modelling requires as large a sample as possible. We

consequently opted for the procedure of data imputation implemented by LISREL that is based on Expectation Maximization (EM) algorithm and the method of generating random draws from probability distribution via Markov chains. The EM algorithm consists in maximizing the probability of having some unknown parameters (in our case, the missing data) given some measurement data. This algorithm helps having an approximation of the mean and covariance matrix. These estimated data will then serve as initial parameters for the Markov chain Monte Carlo procedure that aims at retrieving the missing data given a distribution and parameters based on the mean and the covariance matrix. The imputed data will be the average of the missing data found for the iterations of the Monte Carlo procedure (see Schafer, 1997, for a detailed description of the procedure).

5.5.3 Estimation of the general model

We used LISREL to estimate the model. The LISREL estimation procedure requires that the indicators measurement scales must be made invariant, this-is-to-say the measurement of indicators must be standardized to allow the comparison of the constructs. Two approaches are recommended to achieve this: either one of the loadings (i.e. indicator value) in each construct is set to 1.0, or the variance for each construct is estimated. We chose to fix one of the loadings of each construct to 1.

We first tested our initial model as we first hypothesized. In this model, intermediate judgments of satisfaction are considered as full mediators of the effect of

disconfirmation of expectations on overall satisfaction, and intermediate judgments of satisfaction were considered as having a direct effect on loyalty.
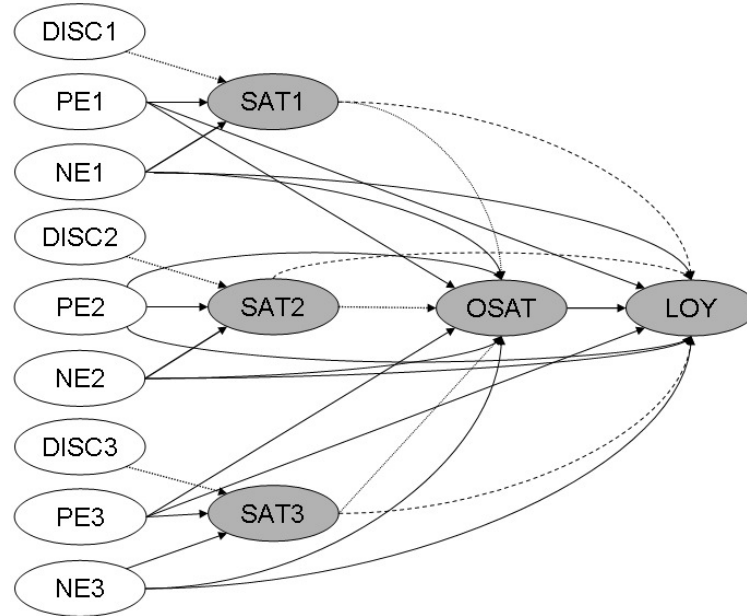
Figure 5-6: Model 1

We obtained a χ^2-value of 137.85 with 53 degrees of freedom. Other fit indices such as the root mean square error of approximation (RMSEA), root mean square residual (RMR), and goodness-of-fit index (GFI) are generally used to further assess model fit. Values of these indices indicating a good fit are below 0.08 for the RMSEA (Browne and Cudeck, 1993), below 0.05 for the RMR (Bagozzi and Yi, 1988), and above 0.90 for the GFI (Jöreskog and Sörbom, 1989). We obtained a RMSEA of 0.11, a RMR of 0.030 and a GFI of 0.88. These values indicate a tolerable goodness-of-fit though not perfect. All values are presented in Table 5-46.

Model 2 is an alternative model, in which we added the direct effect of DISC2 on OSAT and deleted the direct effect of SAT1 and SAT2 on LOY, as suggested by the

modification indices. The fit indices prove a better model fit than in previous model

(χ^2=124.19 with 54 degrees of freedom, RMSEA=0.10, RMR=0.028 and GFI=0.89).
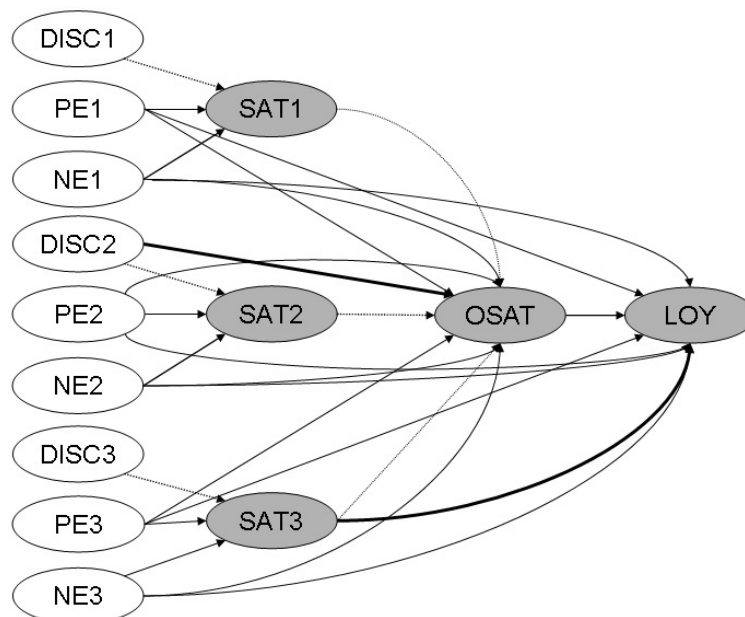
Figure 5-7: Model 2

We examined closely the paths and their significance and found that SAT3 had a

significant impact on LOY and the path coefficient is rather large (standardized

β=0.33). Given that SAT3 was measured with a single question about the

satisfaction with the departure procedure (check-out procedure and goodbye), it is

unlikely that satisfaction with the last phase only may have such a strong and direct

impact on loyalty. Also the modification indices suggested that paths should be

added between SAT1 and SAT2, SAT2 and SAT3 and SAT1 and SAT3. Adding these

paths would mean that intermediate judgments of satisfaction would originate not

only from the disconfirmation of expectations and the emotions related to the

concerned phase, but also from the previous judgments of satisfaction.

Model 3 takes into account the effect of the previous phases on the subsequent judgments of satisfaction.
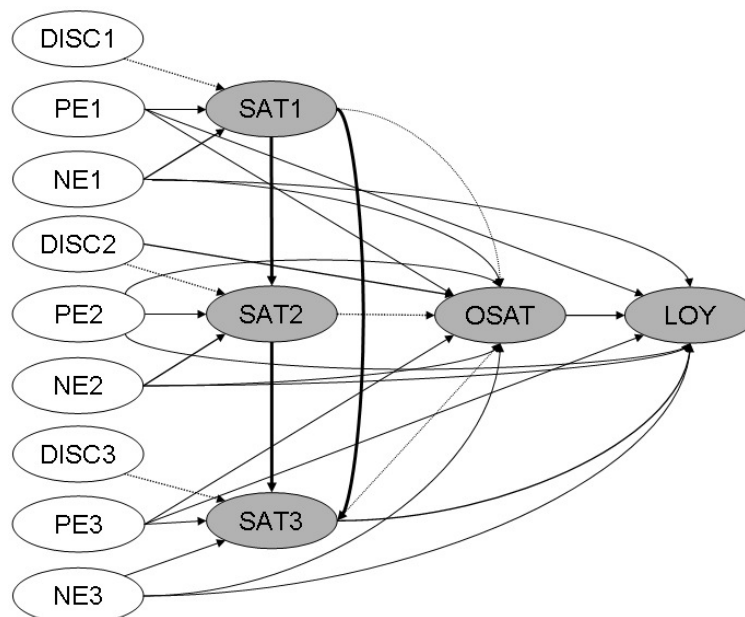
Figure 5-8: Model 3

The fit indices imply that the model fit is better, with $\chi^2=98.43$ with 51 degrees of freedom, RMSEA=0.086, RMR=0.023 and GFI=0.91. The GFI and RMR indices meet the criteria indicating a good fit, while the RMSEA is near the common value of 0.080 indicating a good fit.

The examination of the modification indices for model 3 did not recommend the addition of any path that could be theoretically supported. Hence, we kept model 3 as our final model.

Model	d.f.	Fit indices			
		Chi-Square	RMSEA	RMR	GFI
1	53	137.85	0.110	0.030	0.88
2	54	124.19	0.100	0.028	0.89
3	51	98.43	0.086	0.023	0.91

Table 5-46:   Fit indices for the 3 models we tested

In model 3, the three paths between the intermediate judgments of satisfaction were

found significant. In our context, it seems reasonable to infer that previous stages affect subsequent stages of the service experience (Dube and Menon, 2000). It is also probable that the significant interactions between judgments of satisfaction at different phase may arise from the sequence of questions in our survey instrument. Indeed, the judgments of satisfaction with each stage were asked one after the other in the same section of the questionnaire.

A similar influence of the previous stages on the following ones could be inferred concerning the emotions. The "contagious effect" of emotions from one phase to the following might explain the importance of emotions during Phase 3 and their direct impact on loyalty (see Figure 5-9). One could also explain the importance of emotions during Phase 3 by the retrospective approach respondents might have taken: when asked about their emotions at the end of their holiday, they will not only consider their emotions at the present moment, but they will also consider their emotions regarding the holistic experience of their holiday. However, we did not verify this interpretation statistically, given that we did not consider the antecedents of emotions in our framework but considered emotions as exogenous variables. Structural equation modelling states that all the important antecedents of endogenous variables should be included in the model (Duncan, 1975). It would not have been accurate to consider only the effect of emotions of previous phases on subsequent ones.

We obtained the following diagram (Figure 5-9).
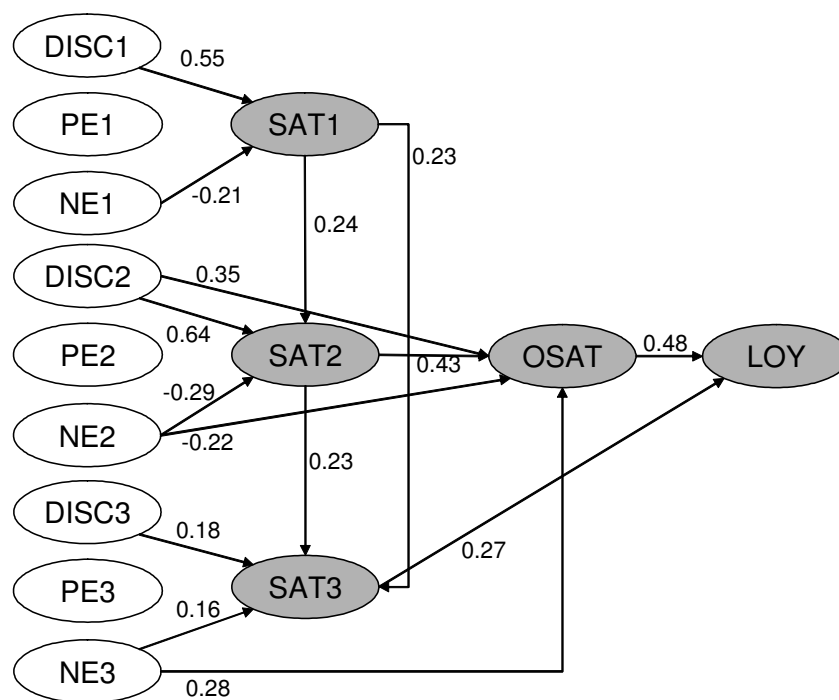
Figure 5-9:   Structural model

Satisfaction with phases 1 and 3 have been proved to be full mediators of the effects

of disconfirmation of expectations in respective phases on overall satisfaction, while

satisfaction with the stay is found to be a partial mediator. This provides partial

support to hypothesis H1b.

Satisfaction with phase 3 only was found to have a direct effect on loyalty. Hence,

hypothesis H2b is partly supported. The fact that satisfaction with the Phase 3 is

only partially mediated by overall satisfaction allows us to qualify the end event

(corresponding to Phase 3 in our model), as in Kahneman et al. (1993) for example,

as holding a privileged role in the formation of loyalty.

Positive emotions at each stage were not found to have a significant effect on either

intermediate judgments of satisfaction, overall satisfaction or loyalty. Our

hypothesis H3.2 is thus not supported. This result contradicts the findings of

Pullman and Gross (2004) who found that basic positive emotions elicited during a VIP event had a positive impact on loyalty. However, they did not find a direct relationship between VIP emotions and loyalty. This result also goes against the fact that we found some types of positive emotions correlated with post-consumption processes (Section 5.3). The fact that the path coefficients are non-significant may reveal that the relationships are not causal in the context of the service we studied. It does not necessarily mean that there is no relationship but that the pattern of relationship may not be the one we hypothesised. Another explanation may be a measurement issue because in our structural equation model, we measured positive (or negative) emotions at each phase using a single concept measured by a single indicator, because of sample size issue. We thus averaged the scores of each positive emotion and did not distinguish between self-related, basic, and arousal-related emotions. A possible reason why positive emotions were not found to have a direct impact on satisfaction or loyalty in our case is that positive emotions are a desired outcome of a holiday experience.

Negative emotions at Phase 1 were found to have a negative impact on satisfaction with Phase 1. Negative emotions at Phase 2 were found to have a negative impact on satisfaction with Phase 2 and on overall satisfaction. Negative emotions at Phase 3 were found to have a positive impact on satisfaction with Phase 3 and overall satisfaction. This positive impact of negative emotions of Phase 3 on satisfaction with Phase 3 and overall satisfaction might be explained by the fact that respondents would experience negative emotions during the very last phase of the experience

because of anticipation of the life they will return to. This may highlight a measurement issue where respondents would not have rated their emotions regarding the end of their experience only, but also regarding their anticipation of their return to everyday life. One can infer that their satisfaction is all the higher if they have negative feelings regarding their imminent return to their daily routine. However, this is a suggestion to explain the surprising relationship between negative emotions and satisfaction with phase 3 and this has not been tested. Hypothesis H3.1.a is partially supported, and hypothesis H3.1.b is not supported.

Negative emotions at Phases 1 and 2 have the expected negative effect on satisfaction with the corresponding phases, and overall satisfaction. The fact that negative emotions during Phase 2 have a direct effect on overall satisfaction tends to reinforce the predominant role played by the stay (Phase 2) during a holiday experience.

At all stages, disconfirmation of expectations was found to impact directly intermediate judgments of satisfaction, as we hypothesised. Only disconfirmation of expectations with Phase 2 has a direct effect on overall satisfaction. As for the intermediate judgements of satisfaction, only satisfaction with Phase 2 proved to have a direct effect on overall satisfaction, hence partly supporting our hypothesis H1.a. Because disconfirmation of expectations during Phase 2 and satisfaction with Phase 2 have a direct effect on overall satisfaction, there is more evidence for the predominant role of the stay during a holiday. However, satisfaction with Phase 3 was found to have a direct impact on loyalty. This may be explained by the influence

of precedent phases on subsequent phases: for example, if the beginning of the service experience is agreeable, the customer will be in a good mood and thus tend to be more positive about the subsequent stages of the service experience, and so on. On the contrary, if the beginning of the service is dissatisfying, the customer might later be more critical about the service than if the beginning had been satisfying. This effect of previous phases on later ones has been for example proposed by Dubé and Menon (2000).

Overall satisfaction has a direct effect on loyalty, with a standardized coefficient of 0.48. Hypothesis H2.a is thus supported.

Disconfirmation of expectations with Phase 2 is the only latent variable we measured with multiple indicators. We grouped all the items into three indicators that were environment (regrouping items concerning the resort and the rooms), service (regrouping items concerning restaurants and activities) and staff (items concerning the staff). We found that environment, service and staff had loadings of respectively 0.80, 0.88 and 0.84 on DISC2. All loadings were significant. All loadings are in the same range, indicating approximately same level of importance. But service followed by staff are the two most important aspects of the resort's service attributes.

5.6 Groups' comparisons

5.6.1 European versus Asian

Among others, Voss and colleagues (2004) have stressed out the differences of

behaviours and attitudes across countries. From a nationality point of view, our sample is very heterogeneous, with 14 different nationalities represented. We considered two groups, Western European respondents as Group 1 with 49 respondents and East Asian respondents (excluding South-East Asian respondents) as Group 2 with 36 respondents, and we endeavoured to study the differences among the two groups. The East Asian group includes Korea, Japan and China, the Western European group includes western European countries, as is done in the review by Walker and colleagues (2005), relying upon cultural criteria.

For sample size reasons leading to unreliability of the parameters estimates, the SEM approach could not be used. We thus used multiple linear regression.

We did three batches of regressions, the first one with the whole sample, the second one with Group 1, and the third one with Group 2. A preliminary analysis of normality of residual and constancy of residual for each regression did not put in evidence any violation of the assumptions.

	Regression with whole sample		Regression with Group 1 (European)		Regression with Group 2 (Asian)	
	Standardized coefficient (Beta)	VIF	Standardized coefficient (Beta)	VIF	Standardized coefficient (Beta)	VIF
DISC2	**0.303**	2.690	0.107	2.481	0.394	3.497
PE1	-0.002	2.890	0.010	2.852	0.053	4.916
NE1	**-0.208**	3.715	0.002	2.313	-0.357	6.638
PE2	-0.095	2.999	-0.027	3.714	-0.076	3.653
NE2	**-0.233**	5.172	-0.161	4.231	0.038	5.887
PE3	0.128	2.035	0.086	3.212	0.297	3.942
NE3	**0.317**	4.468	0.124	5.076	0.026	7.162
SAT1	0.084	1.994	-0.008	2.673	0.148	3.653
SAT2	**0.437**	2.200	**0.766**	3.206	0.198	3.330
SAT3	0.075	1.400	-0.004	1.598	0.092	1.740

Dependent Variable: OVERSAT

Coefficient in **bold**   Correlation is significant at the 0.05 level (2-tailed).

Table 5-47:   Comparison of regressions for European and Asian (dependent variable: overall satisfaction)

We first consider the regressions on overall satisfaction (Table 5-47). The adjusted R-square values for the models were 0.626 for the whole sample, 0.778 for Group 1 and 0.378 for Group 2. The regression model does not seem to fit the dataset of Group 2 very well, so interpretations must be made carefully.

The coefficients appear to be different in the three groups: while DISC2, SAT2, NE1, NE2 and NE3 are found to have a significant impact when the whole dataset is considered, only SAT2 is significant with Group 1 with a large beta (β=0.766) and no significant coefficient was found with Group 2. However, coefficients of DISC2, NE1, PE3 and SAT2 are large though not significant. Patterns of formation of satisfaction seem to differ across groups. Since our study was not focused on the nationalities issues, our survey was not designed to tackle the differences of behaviours across countries. We consequently only suggest that the differences should be further studied.

	Regression with whole sample		Regression with Group 1 (European)		Regression with Group 2 (Asian)	
	Standardized coefficient (Beta)	VIF	Standardized coefficient (Beta)	VIF	Standardized coefficient (Beta)	VIF
SAT3	**0.271**	1.279	**0.295**	1.400	**0.334**	1.402
PE1	-0.058	2.759	-0.079	2.837	-0.197	3.251
NE1	-0.070	3.646	0.129	2.117	-0.330	4.870
PE2	0.091	2.772	0.034	3.370	0.120	3.453
NE2	0.144	4.866	-0.287	3.838	0.546	5.200
PE3	0.131	2.005	0.126	2.987	0.439	4.037
NE3	0.028	4.493	0.195	4.154	-0.205	5.730
OVERSAT	**0.485**	1.565	**0.468**	2.116	0.297	1.573

Dependent Variable: LOY

Coefficient in **bold**   Correlation is significant at the 0.05 level (2-tailed).

Table 5-48:   Comparison of regressions for European and Asian (dependent variable: loyalty)

For the three regressions on loyalty (Table 5-48), we found adjusted R-square values of 0.499 for the whole dataset, 0.490 for Group1 and 0.482 for Group 2. The model

seems to be equally adequate to the three datasets.

For the three datasets, SAT3 was found to have a significant impact. OVERSAT was found to have a significant impact with the whole sample and Group 1, while in Group 2, the coefficient is large but not significant. The formation of loyalty does not seem to differ very much between Group 1 and Group 2 but further examination is needed.

The bivariate correlations (Table 5-49) show that negative emotions during Phase 2 are significantly negatively correlated to overall satisfaction and loyalty for Group 1 and that positive emotions are significantly and positively correlated to both overall satisfaction and loyalty. For Group 2, no significant correlation was found between any emotion and overall satisfaction. Positive emotions during all three phases were however significantly and highly correlated to loyalty. Although one must stay very cautious when interpreting these results, one could infer that to achieve satisfaction and loyalty with European it is important not to trigger negative emotions during the stay and to elicit positive emotions at the end of the experience. To achieve loyalty with Asian customers, it appears more important to trigger all kinds of positive emotions all along their experience.

	Group 1 (European)						Group 2 (Asian)					
	PE1AROUS	PE1SELF	PE1BASIC	NE1SIT	NE1SELF	NE1OTHER	PE1AROUS	PE1SELF	PE1BASIC	NE1SIT	NE1SELF	NE1OTHER
OVERSAT	0.244	0.164	0.129	0.201	0.274	0.196	0.402	0.290	0.200	0.046	-0.071	0.121
LOY	0.036	0.044	0.070	0.173	0.046	0.160	**0.642**	0.317	0.389	0.379	0.198	*0.458*
	PE2AROUS	PE2SELF	PE2BASIC	NE2SIT	NE2SELF	NE2OTHER	PE2AROUS	PE2SELF	PE2BASIC	NE2SIT	NE2SELF	NE2OTHER
OVERSAT	0.280	0.204	0.016	*-0.325*	-0.287	**-0.489**	0.237	0.270	0.249	0.025	0.048	0.155
LOY	0.170	0.136	-0.093	*-0.396*	-0.258	**-0.534**	**0.567**	*0.524*	**0.655**	0.338	0.205	0.425
	PE3AROUS	PE3SELF	PE3BASIC	NE3SIT	NE3SELF	NE3OTHER	PE3AROUS	PE3SELF	PE3BASIC	NE3SIT	NE3SELF	NE3OTHER
OVERSAT	**0.587**	**0.574**	*0.442*	0.203	*0.434*	0.065	0.296	0.322	0.356	0.044	0.207	0.196
LOY	0.251	*0.405*	*0.405*	0.134	0.314	-0.177	**0.632**	**0.712**	**0.657**	0.415	*0.505*	0.414

Coefficient in **bold** Correlation is significant at the 0.01 level (2-tailed).
Coefficient in *italic* Correlation is significant at the 0.05 level (2-tailed).

Table 5-49: **Correlations between types of emotions, satisfaction and loyalty (European and Asian)**

An ANOVA test with overall satisfaction and loyalty showed that loyalty is lower for Group 2 than for Group 1 but not significantly. This is also the case for the measurement of loyalty, except for the intention to come back in the near future where Group 2 has higher score. As for overall satisfaction, it is significantly higher for Group 1.

5.7 Influence of peak event

In our theoretical model, we introduced the positive peak event taken from Kahneman and colleagues (1997) peak-end theory. The peak event was measured in a section asking about the best moment of the holiday.

We introduced the best moment in our final structural model as a supplementary exogenous variable, measured by a single indicator that was the average of the 4 emotions remaining in the BMEMO scale (5.2.4.2). We assumed that the best moment most likely occurred during the stay (Phase 2) and was very unlikely to occur before and upon arrival or upon departure. Consequently, we posited that the best moment was to be linked with positive emotions during Phase 2 (PE2) only. We wanted to study its impact on overall satisfaction and loyalty. However, adding another variable increased the number of parameters to estimate. The software produced a warning message about the unreliability of the solution it generated because the number of parameters to estimate was larger than our sample size.

A brief analysis of the comments written by our respondents let us think that the

questions used to measure the best moment were maybe inappropriate. Although we rephrased the questions after the pre-test, we still found that some people wrote vague answers such as "everyday". A more proper way of asking about the best moment could have been to ask what was the best day of the holiday and why, instead of what was the best moment and when it occurred.

However, 50% of the respondents described their best moment, 67% of which were directly related to the resort. For example, games, shows and activities provided by the company were cited as the best moments of the vacationers. In order to assess the importance for practitioners to create their clients' best moment, we conducted a one-way ANOVA comparing two groups (best moment triggered or not by the service provider). To distinguish the best moments triggered by the service provider from the best moments not triggered by the service provider, we conducted a qualitative analysis based on the description of the best moment by the respondents. For example, "dance with the staff" is considered as triggered by the service provider whereas "laughs with my family" are not directly related to the service provider. We found 42 respondents whose best moment is triggered by the service provider and 21 respondents whose best moment is not.

This analysis resulted in a significant increase of overall satisfaction when the best moment is created by the service provider, but not of loyalty (the increase of loyalty is not found significant). However, since we have found evidence that overall satisfaction highly affects loyalty, the impact of the best moment on loyalty may be mediated through overall satisfaction. From a practitioner's point of view, being able

to trigger the best moment of its guests during their holiday is definitely a trump to increase customer satisfaction, and indirectly to increase loyalty.

5.8 Discussion of research findings

In this research, our objective was to look at the formation of satisfaction and loyalty, viewing the service experience as a multiple-stage experience. More specifically, we modelled satisfaction at each phase as resulting from both the disconfirmation of expectations and the emotions elicited during this phase. We hypothesised that disconfirmation would directly affect satisfaction with each phase but not overall satisfaction, while emotions (either positive or negative) would directly affect stage-specific and overall judgments of satisfaction, as well as loyalty.

We also aimed to assess the relative importance of each phase regarding overall satisfaction with the whole experience and loyalty behaviours such as repurchase intentions and word-of-mouth. Therefore, we proposed that the duration of the experience would affect the weight of the different stages on overall satisfaction and loyalty behaviours, stating the longer the duration of the experience, the less important would be the earlier phases. Another element we added in our model is the peak experience that we supposed to have a significant impact on satisfaction and loyalty.

Our first hypothesis dealt with the relationships between disconfirmation of expectations at each stage of the service, the corresponding judgments of satisfaction

and overall satisfaction. In our structural equation model, only satisfaction with the stay was found to have a direct effect on overall satisfaction. Although Danaher and Mattsson (1994) suggested that the intermediate judgments of satisfaction would form overall satisfaction, we did not find support to this finding in our study. This may be due to the relative importance of the different phases in the context we studied, where the second phase gathered the essence of the service experience, and where the first and third phases being only secondary since they included mainly check-in and check-out.

For each phase, the disconfirmation of expectations was found to have a significant positive relationship with the corresponding judgment of satisfaction. The full mediator effect of these judgments of satisfaction was confirmed for the two extreme phases of service, confirming Spreng and colleagues' work (1996) where expectations congruency impacted attribute satisfaction that in turn formed overall satisfaction. Disconfirmation with the stay (Phase 2) had a direct effect on overall satisfaction. This direct effect may arise from the intrinsic importance of the stay in our context as said previously. This result implies that in a stage approach of the service experience, intermediate satisfaction as well as its antecedents must be taken into account to explain overall satisfaction.

In our second hypothesis, we wanted to test the interactions between the stage-specific judgments of satisfaction, overall satisfaction and loyalty.

Our study provides evidence for a positive relationship between overall satisfaction

and loyalty. This finding is in line with, among others, Oliver and Burke (1999) results. So far, full support has been provided that overall satisfaction impacts loyalty, although we found that satisfaction is not the only antecedent of loyalty, as was highlighted for example by Hennig-Thurau and Klee (1997). As brought out by these researchers, we measured loyalty via loyalty intentional behaviours corresponding to items in the same questionnaire as the items measuring satisfaction. Hence, a bias pertaining to the measurement instrument may be introduced that would lead to the over-assessment of the strength of the relationship between satisfaction and actual loyalty. However, we are conscious of this issue and consequently draw our conclusion cautiously.

We proposed that the intermediate judgments of satisfaction would directly affect loyalty, following Skogland and Siguaw (2004) findings regarding the impact of satisfaction with people and with ambience on loyalty behaviours such as word-of-mouth. However, we did not find evidence that the intermediate judgments of satisfaction directly affected loyalty. Only satisfaction with Phase 3 was found to have a positive relationship with loyalty; this result may derive from the fact that the previous judgments of satisfaction affect the following ones, as we proved in our model. This finding provides support to the propositions made by Dubé and Menon (2000) where in-process emotions affect expectations and judgments in subsequent phases of the service experience. However, we did not endeavour to give empirical support to these propositions, but we found results that are in line with such an approach of the service experience.

Our third hypothesis focuses on the role played by emotions in satisfaction and loyalty formation. The first part of our hypothesis concerns the negative emotions, stating that negative emotions would lead to less satisfaction and less loyalty. Although no evidence was found to support the negative impact of negative emotions on loyalty, we found that negative emotions occurring in Phases 1 and 2 had a negative effect on the satisfaction with these phases. Moreover, negative emotions with the stay were found to have a negative impact on overall satisfaction. Especially, we found that negative emotions attributed to others (in our study, these were frustrated, ignored and discontented) were the most negatively correlated with overall satisfaction. This result is in line with Oliver (1993) and Price and colleagues (1995) findings about the role of other-attributed negative emotions on customer satisfaction. Although some researchers (e.g., Arnould and Price, 1993) found that negative emotions such as fear were not necessarily linked to less satisfaction depending on the context, we found in our study that all kinds of negative emotions (that are self-attributed and situation-attributed emotions) were negatively correlated with overall satisfaction. This result may be service specific inasmuch as in the case of a holiday in a resort, people are mainly looking for positive emotions, whereas Arnould and Price (1993) did their study in the context of white-river rafting, and extended their results to extraordinary experiences.

Although evidence had previously been found in the literature (Barsky and Nash, 2002; Pullman and Gross, 2004) on the role of positive emotions on satisfaction and

loyalty, no support was found in our study on the influences of positive emotions on either stage-specific satisfaction, overall satisfaction or loyalty, using a SEM approach and measuring each concept with a single indicator. Measurement issues (related to the use of single indicator with SEM whereas we considered different of positive and negative emotions when we studied the correlations) or possible non-linearity of the hypothesised relationships may be reasons why we found that positive emotions were significantly and positively correlated with overall satisfaction and loyalty. The fact that correlations were found significant but not paths between constructs may come from the small size of our sample, leading probably to the deflation of the coefficients in our structural model, and thus the deflation of their significance. Nevertheless, the analysis of the correlations showed that positive emotions during Phases 2 and 3 were significantly correlated with satisfaction and loyalty, and the largest coefficients were found with positive emotions related to the self (welcome, respected, important). This gives support to observation by the practitioners that found making the customer feel respected and important is a key element to achieve customer satisfaction and loyalty. This is also in line with Barsky and Nash (2002) study about the key emotions to loyalty, where they found that comfortable, important and welcome were the key emotions for an up-scale hotels (our study was conducted in an up-scale resort), and that comfortable, practical and respected where the key emotions to loyalty when it comes to extended stay.

Additionally, differences seem to arise between nationalities (between European

customers and Asian customers), as could have been predicted following among others Voss and colleagues article (2004) about cultural differences. Patterns of satisfaction and loyalty formation differ depending on the nationality, but no strong statistical support could be given from our study. It seems for example that not eliciting negative emotions during the stay and eliciting positive ones at the end of the experience will enhance European customers' satisfaction and loyalty, while creating positive emotions all along the experience among Asian customers might weigh more on their loyalty.

Our fourth hypothesis envisaged that the importance of the phases we identified would depend on the length of the whole service experience.

We found evidence supporting this view, with the effect of negative emotions during the stay varying with the length of the stay. Indeed, we found that negative emotions occurring during the stay had a very important negative effect on overall satisfaction, the magnitude decreasing with time until it increases again for longer stays. Moreover, we found that respondents staying for a short period showed a significantly lower satisfaction than people staying for a longer time. This concurs to the sayings of some practitioners that people coming for a few days did not have time to really appreciate the holiday experience.

We found evidence that the length of the service experience plays a role in satisfaction and loyalty formation. However, due to sample size issues, we could not uncover in detail the mechanisms underlying it. Still, our study provides a new

insight of how the duration of the service experience may affect customer satisfaction and loyalty, since most of the research on the effect of duration of experience had been done in the psychological area (Kahneman et al., 1993; Varey and Kahneman, 1992; Fredrickson and Kahneman, 1993).

As an additional remark, we found in our study cues about the repercussion of the emotions occurring at the preceding phase on the subsequent one, as has been proposed by Dube and Menon (2000). The results we obtained tend to lead in the same direction as Dube and Menon's view, but no empirical support could be provided.

Our final hypothesis attempted to integrate the notion of peak event in the service experience. Its role in the psychology area has been extensively studied by Kahneman and colleagues (1993). Verhoef et al. (2004) found a significant impact of the maximum peak. Yet in our study we did not find support of the effect of the maximum peak (that we named best moment) on overall satisfaction and loyalty. As we previously mentioned, this result may have arisen from the sample size issues. Another concern is the definition of the best moment: whilst for some people, the best moment may be something really extraordinary and intense that happened during their holiday, some other respondents may cite one of the good moments of their holiday and present it as their best moment. Moreover, the best moment might last for a very short time, or might last over a whole day. So many issues arise regarding the definition of the best moment. However, we found that in our study, a

distinction should be made between the best moments that were directly related to the service provider and the others. We found that if the best moment is elicited by the service provider or involves it directly, then overall satisfaction and loyalty are increased, although not significantly in our study.

5.9 Conclusion

In this chapter, we tested the five hypotheses raised in Chapter 3. Most of our hypotheses were only partially supported. Whilst only satisfaction with the stay was found to have a direct impact on overall satisfaction, it at the same time did not have the fully mediator role we expected, but played only a partial mediator role. As for loyalty, it was positively related to overall satisfaction, and only satisfaction with Phase 3 (departure) was directly related to loyalty, probably due to the measurement instrument and the interactions of the previous phases with the subsequent ones.

We also studied the role played by emotions at each phase. We found no significant effect of positive emotions at either phase on satisfaction or loyalty, leading to the rejection of our hypothesis about the role of positive emotions. Negative emotions were found to impact negatively the intermediate judgments of satisfaction, and overall satisfaction in the case of negative emotions occurring during the stay. This gave partial support to our hypothesis about negative emotions.

Our hypothesis about the duration of the experience was supported, though not fully. Indeed, the length of the stay seemed to affect only the effect of negative emotions,

but not positive emotions nor disconfirmation.

Finally, the importance of the peak event and its role in satisfaction formation and loyalty were not clearly drawn, since no significant pattern was obtained. We identified some issues on the definition of the best moment, its intensity and duration, and also its origination and causal agent.

This study suggests that further refinements should be made when studying emotions and their impact on satisfaction and loyalty. Controlling for the nationality or cultural background of the respondents seems to be an issue when it comes to measuring attitudes or emotions among others. Although we tried to understand the differences arising between European and Asian customers, our sample size was too small to draw reliable conclusions. Moreover, although we did not study the antecedents of emotions, it appeared that when using a multiple stage approach of services, previous stages should be taken into account among the antecedents of emotions. Our study about the best moments also suggests that positive emotions elicited by service provider are more likely to create satisfaction and loyalty behaviours than positive emotions elicited by other sources.

Chapter 6   Conclusion

6.1 Introduction

In order to answer our research questions, we first put forward hypothesis based on an extensive literature review. We then developed a survey instrument to measure all the concepts and relationships involved in our theoretical model. After a pilot test of our survey, we collected data among 127 guests in a resort in South-East Asia.

In this chapter, we present a summary of our research findings, and their implication for theory and practice. Finally, we suggest further research directions, based on the limitations we identified in our study.

6.2 Research findings

The aim of this study was to gain a better knowledge of the way emotions affect satisfaction and loyalty, in the context of an extended service encounter. We posited the following research question and two sub-questions: (1) How do emotions affect satisfaction and loyalty in extended services? (a) What are the emotions which affect customer satisfaction and loyalty in extended services? (b) What is the impact of emotions at difference phases of extended service on overall customer satisfaction and loyalty?

We adopted a stage-specific approach, modelling the expectation disconfirmation

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paradigm and the different emotions occurring at each stage of the holiday experience.

Our two first hypotheses concern the different relationships between the disconfirmation of expectations with each phase, the intermediate judgments of satisfaction, overall satisfaction, and loyalty. We found that only disconfirmation of expectations with the stay had a direct effect on overall satisfaction and that satisfaction with the last stage had a direct effect on loyalty. We found that overall satisfaction had a strong positive effect on loyalty.

Our third hypothesis concerns the role played by the emotions on overall satisfaction and loyalty. We found that some negative emotions had a direct impact on overall satisfaction, but none had a direct impact on loyalty. According to our results, positive emotions had no direct effect on satisfaction nor loyalty.

Our last two hypotheses deal with the duration of the experience and peak events. The former was found to have an impact on the relative importance of the stages, though not in the direction we expected. The latter was found to increase overall satisfaction and loyalty, but no satisfactory result could be found as to how it interacted with the elements of our model to increase satisfaction. Table 6-1 presents a summary of our research findings.

	Hypotheses	Result
Hypothesis 1.a	Overall satisfaction is consistently related to the intermediate judgments of satisfaction.	Partially supported
Hypothesis 1.b	The effect of expectations disconfirmation on overall satisfaction will be fully mediated through the intermediate judgments of satisfaction.	Partially supported
Hypothesis 2.a	Loyalty is positively related to overall satisfaction.	Supported
Hypothesis 2.b	The intermediate judgments of satisfaction will have a direct effect on loyalty.	Partially supported
Hypothesis 3.1.a	Negative emotions lead to less overall satisfaction.	Partially supported
Hypothesis 3.1.b	Negative emotions lead to less loyalty.	Not supported
Hypothesis 3.2.a	Positive emotions lead to more overall satisfaction.	Not supported
Hypothesis 3.2.b	Positive emotions lead to more loyalty.	Not supported
Hypothesis 4	The longer the stay, the more important will be the impact of the stay phase on post-consumption processes.	Partially supported
Hypothesis 5	Positive peak event will lead to better overall satisfaction and will increase loyalty behaviours.	Partially supported

Table 6-1:   Research findings summary

In regards to our first sub-research question: (i) What are the emotions which affect customer satisfaction and loyalty in extended services? we found, based on a correlation table, that emotions correlated with satisfaction and loyalty differ depending on the phase of the service experience during which they occur. Hence, knowing what emotions affect customer satisfaction and loyalty is tightly related to knowing the impact of emotions at different phases of extended service. We hence answer our second sub-research question at the same time: (ii) What is the impact of emotions at different phases of extended service on overall customer satisfaction and

loyalty? Based on a correlation table between different types of emotions at each phase, overall satisfaction and loyalty, we found that emotions, either positive or negative, occurring during the first phase of the service experience did not significantly affect post-consumption processes. Subsequent phases (the stay and the departure) were found to be emotionally important to satisfaction and loyalty. Concerning the emotions occurring during the stay phase, we found that positive emotions such as important or respected were positively correlated to both satisfaction and loyalty, which is consistent with the practitioners' experience. However, we found that emotions such as happy or peaceful that may be considered as the "basics" of the holiday experience were not significantly correlated with post-consumption processes. A reason for this may be that they constitute the desired outcome of a holiday. Positive emotions related to arousal such as excited or surprised were found to be highly correlated with loyalty but not with satisfaction. This finding is consistent with the practice of creating the "wow" effect in the hospitality industry. This type of emotions is also highly correlated to loyalty when such emotions occur at the end of the holiday experience. As for negative emotions during the stay, all were found to be significantly correlated with post-consumption processes, the higher correlation being between other-attributed negative emotions such as frustrated and overall satisfaction. During the departure phase, negative emotions were not found to be significantly correlated with satisfaction nor loyalty, whereas positive emotions were found to be. This may be explained by an accumulation of the emotions all along the stay or by a positive emotional

remembrance of the holiday.

6.3 Implications for theory

This study contributes to the understanding of the role played by emotions during the service experience. With few exceptions (Dube and Menon, 2000), previous research tends to treat service as an instantaneous event. Very few researchers considered extended services using a sequential approach (Stauss and Weinlich, 1997) or a stage perspective (Neal et al., 2004). In this research, we further explored extended services by considering them using a stage perspective. We endeavoured to assess the importance of the different phases we identified and their impact on post-consumption processes such as overall satisfaction and loyalty behaviours. We found that different stages of service have different impact on overall satisfaction and loyalty. Whilst the first phase does not have a strong direct effect on these two post-consumption processes, the second phase, the main one in our study, holds an important role. The last phase is also important inasmuch as it is among others shaped by the previous stages of service and the corresponding appreciation of them. To a certain extent, this is consistent with Dube and Menon (2000) proposition stating that in-process emotions will shape expectations with the subsequent stages, and thus that earlier stages shape subsequent ones. However, they did not provide empirical support for their proposition, whereas we found evidence that evaluation of previous phases influenced evaluation of subsequent ones. We suggest that this is also the case for emotions along the service experience, although no evidence could

be provided because we did not look into the antecedents of emotions.

Our results indicate that negative emotions during the experience have a heavier impact on post-consumption processes than positive emotions, in the case of a holiday experience that may be considered as a hedonistic experience where pleasure and positive emotions constitute the main desired outcomes of the experience. This finding brings new insights in the field of hedonic consumption, since previous research considering experiences sought for their pleasurable and emotional content have been done measuring only positive emotions (Pullman and Gross, 2004; Barsky and Nash, 2002). Little research had been previously done that took into account negative emotions in a hedonic consumption setting.

More generally, this research highlights issues that should be taken into account when one wants to understand satisfaction and loyalty formation. Considering the service performance and its effect on customers' emotions seems to be necessary. However, the importance of the emotions depends on the different stages one considers. Depending on the type of service, some stages may not elicit specific emotions or may not be emotion-related. Two other points that need to be taken into consideration when one studies the mechanisms underlying satisfaction and loyalty formation are the duration of the service and the cultural background of the respondents.

6.4 Implications for practice

The findings of this research imply that hospitality companies can enhance their customers' satisfaction and loyalty behaviours by not only eliciting positive emotions among their customers, but also by avoiding eliciting negative emotions. We have shown that negative emotions are more likely to decrease satisfaction and loyalty than positive emotions are to increase them.

Staff should be trained to make every customer feel important and recognized, and above all make every customer feel that he or she is not ignored. Leaving a customer frustrated or discontented appears to be also a key factor which decreases satisfaction and loyalty.

While emotions such as happiness do not seem to create added value on the customer point of view, emotions such as entertained, excited or amazed that may be related to a high level of intensity tend to increase loyalty behaviours. This confirms the more and more popular practice of creating the "wow" effect in the hospitality industry to leverage loyalty behaviours.

Another finding is that emotions occurring during the main phase and at the end of the service are more likely to be related to satisfaction and loyalty. Especially, feeling important, respected, secure and welcome during a hotel stay and upon departure are key emotions to both satisfaction and loyalty. Concerning the evolution of emotions throughout the service experience, we found that negative emotions tend to be more important when the stay is shorter. This means that

negative emotions should be avoided when customers are likely to experience the service for a short amount of time, whereas early negative emotions tend to be forgotten or lessened when the experience lasts longer. Although managers and staff should avoid eliciting negative emotions among their customers whatever the duration the customers stay in their hotel, they should be aware that the effects of such negative emotions are likely to be heavier in the case of a short stay.

From our study, we suggest that early phases of the service experience need not be extremely emphasized. We also that the evaluation of the early phase of the service experience did not have a direct impact on satisfaction and loyalty, but had an effect on subsequent evaluations of the service performance. Although managers should be cautious never to originate negative emotions at any moment of their service, they should rather focus on the later stages of their service, with the core service of their activity being the most important part to consider. We found that overall satisfaction heavily depends on the performance of the service provider when it comes to its core activities.

Being able to elicit their customers' best moment of their holiday appears to be a trump for the practitioners to leverage both satisfaction and loyalty, but further research is needed.

6.5 Limitations of this research and future directions

This research was exploratory inasmuch as very few research so far had adopted a

process perspective of the service experience to explain satisfaction and loyalty. Hence, our research leaves room for further exploration of the processes underlying formation of emotions, satisfaction and loyalty using a stage-approach of services. Our study has been designed to capture the role of emotions on satisfaction and loyalty all along the service experience. We endeavoured to capture the time dimension of the service experience by dividing it into three main phases and by studying the moderating role of the length of the stay. From our results, it appeared that the previous stages influence the following ones in terms of satisfaction. Moreover, cues were found that lead to a similar conclusion concerning the impact of previous emotions on subsequent ones. But we did not focus on the antecedents of emotions, so we did not include such influences in our model. Future research could hence try to explain the formation of emotions all along the consumption experience, taking into account the service attributes such as design elements (Pullman and Gross, 2004), and emotions during previous stages of the service experience. Our sample size did not allow such an analysis, but we think it would be interesting from a practice and from an academic point of view to understand the mechanisms underlying the formation of emotions during the experience of service.

Although we found no causal relationship between positive emotions and post-consumption processes, significant correlations were found between these constructs, suggesting that a relationship exists. The fact that no causal relationship was found may be due to the specific context of the service we studied. Further

study could be conducted to explore the pattern of relationship between positive emotions, satisfaction and loyalty in a similar context as the one of our study.

Our study aimed at assessing the role of emotions in overall satisfaction and loyalty formation in the context of an extended service encounter. Although we controlled variables such as previous experience with the company or nationality, we did not focus on tackling the discrepancies that could arise between customers with different backgrounds. In our work, a brief comparison of attitudes between European customers and Asian customers suggested that differences existed, but these differences could not be studied in detail because it was not the focus of our study and thus not designed to capture the differences. We suggest that future research could be conducted to understand the differences introduced by cultures or nationalities in the process of formation of satisfaction and loyalty during an extended service encounter, but this should be done while controlling other important variables that could influence the formation process. The influence of knowledge and previous experience with the same company or with companies catering for the same type of services could also be further studied in future research.

Another limitation may arise due to the context of our study. We did our data collection only a few weeks after the tsunami that devastated the coasts of Southern Asia on 26 December 2004. Hence, the population we surveyed was not the usual

population in the resort, since the travel patterns of many travellers have been modified consequently to this disaster. This study, reiterated during a period when travellers' behaviours are likely not to be altered, might give different results.

6.6 Conclusion

Post-consumption processes such as customer satisfaction and loyalty have been the object of much interest from both practitioners and researchers. Underlying their formation, service performance and disconfirmation of expectations have been proven to hold a determining role. More recently, the role of emotions has also been the focus of growing attention. In our research, we endeavoured to understand the role of disconfirmation of expectations and both positive and negative emotions adopting a stage perspective of the service experience. In the context of a holiday experience, acknowledged as an extended service encounter with a strong emotional content, the results we obtained led us to the following findings:

- Negative emotions are negatively related to satisfaction and loyalty, while positive emotions have no causal effect on satisfaction and loyalty.

- The duration of the experience has a moderating effect on the impact of emotions since their importance appears to be greater when the experience is shorter. We observed a phenomenon of attenuation of effect of emotions over time.

- Satisfaction with previous stages of the service significantly impact subsequent stages of service.

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Appendix A   Questionnaire

Guest Survey

Dear GM,

The questionnaire should take less than 15 minutes to complete.

All information will be kept strictly confidential.

There are 5 parts in this questionnaire.
Please answer each of the questions in each part.
When a precise answer is not possible, please try to give us
your best approximation rather than leaving the answers blank.

Once completed, please leave at the reception.

Thank You & Best Regards

What do you think of Club Med services?

1. For each aspect of the Club Med service below please indicate how **important** you think each one is. Then please identify **how you perceived Club Med performance compared to your expectations**.

   Make your choice by circling the number which best represents your opinion.

Services	How important is it to you?					How did Club Med perform?					
	Extremely	Very	Quite	Some	Not at all	Much better than expected	Better than expected	About as expected	Not as good as expected	Much to be improved	Not applicable
Holiday arrangements											
Booking procedure	5	4	3	2	1	5	4	3	2	1	N/A
Assistance given at the airport/station	5	4	3	2	1	5	4	3	2	1	N/A
Transfer from airport/station to the Club Med Village	5	4	3	2	1	5	4	3	2	1	N/A
Arrival at the Village											
First impression of the Village	5	4	3	2	1	5	4	3	2	1	N/A
Friendliness of the welcome	5	4	3	2	1	5	4	3	2	1	N/A
Check-in procedure	5	4	3	2	1	5	4	3	2	1	N/A

Services	How important is it to you?					How did Club Med perform?					
	Extremely	*Very*	*Quite*	*Some*	*Not at all*	*Much better than expected*	*Better than expected*	*About as expected*	*Not as good as expected*	*Much to be improved*	*Not applicable*
The Village											
General ambiance	5	4	3	2	1	5	4	3	2	1	N/A
Furnishing & décor of the Village	5	4	3	2	1	5	4	3	2	1	N/A
Your room											
Furnishing & décor of your room	5	4	3	2	1	5	4	3	2	1	N/A
Comfort	5	4	3	2	1	5	4	3	2	1	N/A
The restaurants											
Food variety	5	4	3	2	1	5	4	3	2	1	N/A
Quality of food	5	4	3	2	1	5	4	3	2	1	N/A
General ambiance of the restaurants	5	4	3	2	1	5	4	3	2	1	N/A
Activities											
Choice of activities	5	4	3	2	1	5	4	3	2	1	N/A
Quality of entertainment activities (games and shows)	5	4	3	2	1	5	4	3	2	1	N/A
Quality of sports activities	5	4	3	2	1	5	4	3	2	1	N/A
Quality of children activities	5	4	3	2	1	5	4	3	2	1	N/A
Quality of excursions	5	4	3	2	1	5	4	3	2	1	N/A
G.O's											
Ability to communicate in your language	5	4	3	2	1	5	4	3	2	1	N/A
Friendliness	5	4	3	2	1	5	4	3	2	1	N/A
Helpfulness	5	4	3	2	1	5	4	3	2	1	N/A
Visibility	5	4	3	2	1	5	4	3	2	1	N/A
Departure from the Village											
Check-out procedure	5	4	3	2	1	5	4	3	2	1	N/A

2. Any comment or suggestion? We very much would like to hear your opinion.

Let's talk about your satisfaction

3. Overall, how satisfied are you with your Club Med holiday?

	Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied
	5	4	3	2	1

4. More specifically, how satisfied are you with:

	Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied	Not applicable
The holiday arrangements (booking, assistance at the airport, transfer to the Village)	5	4	3	2	1	N/A
Your arrival at the Village	5	4	3	2	1	N/A
Your stay in the Village	5	4	3	2	1	N/A
The departure procedure from the Village (check-out)	5	4	3	2	1	N/A

5. Please indicate how likely you are to take the following actions.

	Very likely	Likely	Neutral	Unlikely	Very unlikely
I will come back to Club Med in the near future.	5	4	3	2	1
I will consider Club Med as my first choice for my next holiday.	5	4	3	2	1

The Best of Times... Think of the <u>BEST MOMENT</u> you had during this holiday…

6. How many nights did you stay with Club Med during this holiday? …………………………………..

7. What was the <u>most significant moment</u> of your holiday? Please be as precise as possible.

_____

_____

_____

8. When did this best moment happen? Please state the day number (day 1 is day of arrival in the Village) …………..

9. How did you feel at that moment? Please indicate to what degree you experienced the feelings listed below.

	Strongly	Moderately	A little	Not at all			Strongly	Moderately	A little	Not at all
Peaceful	4	3	2	1		Excited	4	3	2	1
Romantic	4	3	2	1		Loving	4	3	2	1
Amazed	4	3	2	1		Important	4	3	2	1
Happy	4	3	2	1						

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How did you feel during your holiday?

10. <u>Before arriving at the Club Med Village</u> (during the journey to the Village and upon arrival), to what degree did you experience the following emotions?

	Strongly	Moderately	A little	Not at all
Comfortable	4	3	2	1
Welcome	4	3	2	1
Bored	4	3	2	1
Important	4	3	2	1
Tense	4	3	2	1
Happy	4	3	2	1
Discontented	4	3	2	1
Frustrated	4	3	2	1
Peaceful	4	3	2	1
Amazed	4	3	2	1

	Strongly	Moderately	A little	Not at all
Entertained	4	3	2	1
Lazy	4	3	2	1
Sad	4	3	2	1
Embarrassed	4	3	2	1
Warm-hearted	4	3	2	1
Scared	4	3	2	1
Excited	4	3	2	1
Ignored	4	3	2	1
Contented	4	3	2	1
Respected	4	3	2	1

11. <u>During your stay</u>, how often did you have the feelings listed below?

	Often	Sometimes	Seldom	Never
Peaceful	4	3	2	1
Happy	4	3	2	1
Discontented	4	3	2	1
Tense	4	3	2	1
Contented	4	3	2	1
Excited	4	3	2	1
Frustrated	4	3	2	1
Warm-hearted	4	3	2	1
Embarrassed	4	3	2	1
Secure	4	3	2	1

	Often	Sometimes	Seldom	Never
Comfortable	4	3	2	1
Ignored	4	3	2	1
Scared	4	3	2	1
Amazed	4	3	2	1
Sad	4	3	2	1
Entertained	4	3	2	1
Important	4	3	2	1
Bored	4	3	2	1
Lazy	4	3	2	1
Respected	4	3	2	1

12. <u>At the end of your holiday</u> (starting from the night prior to your departure), to what degree did you experience the following emotions?

	Strongly	Moderately	A little	Not at all
Comfortable	4	3	2	1
Welcome	4	3	2	1
Bored	4	3	2	1
Important	4	3	2	1
Tense	4	3	2	1
Happy	4	3	2	1
Discontented	4	3	2	1
Frustrated	4	3	2	1
Peaceful	4	3	2	1
Amazed	4	3	2	1

	Strongly	Moderately	A little	Not at all
Entertained	4	3	2	1
Lazy	4	3	2	1
Sad	4	3	2	1
Embarrassed	4	3	2	1
Warm-hearted	4	3	2	1
Scared	4	3	2	1
Excited	4	3	2	1
Ignored	4	3	2	1
Contented	4	3	2	1
Respected	4	3	2	1

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13. Your gender is: □ Male   □ Female

14. What is your age group?
□ Under 25   □ 25 to 30   □ 31 to 40   □ 41 to 50   □ 51 to 60   □ 61 or over

15. What is your nationality? …………………………………………………………………………

16. How long in advance did you book your holiday? **……………………………………………..**

17. What type of room were you in?   □ Suite □ Deluxe   □ Superior   □ Classic

18. Who did you travel with?
□ With my family
    Please state the number of children:
        Aged below 12: ………..
        Aged 12 to 16: ………..
        Aged above 16: ………..
□ With my life partner

□ With my friends
    Please state the number of people in your party: …………..
□ With my colleagues
□ Alone
□ *Others:* ………………………………

19. Have you been to Club Med before?
□ Yes

    How many times in the past 3 years? ……………………………………………………

    In which Villages have you been? (please tick all those relevant)

□ Ria Bintan	□ Sahoro	□ Lindeman Island
□ Cherating Beach	□ Kabira	□ Faru
□ Bali	□ Mauritius	□ Kani
□ Phuket	□ Bora Bora	□ Others: ……………………………………

□ No

20. Please indicate how likely you are to take the following action.

	Very likely	Likely	Neutral	Unlikely	Very unlikely
I will recommend Club Med to others (friends, relatives, colleagues).	5	4	3	2	1

THANK YOU FOR YOUR PARTICIPATION

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