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## An Integrated Model of Media Satisfaction and Engagement: Theory, Empirical Assessment and Managerial Implications

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## An Integrated Model of Media Satisfaction and Engagement: Theory, Empirical Assessment and Managerial Implications

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### ABSTRACT

Media satisfaction theorists suggest that satisfaction with media vehicles is linked to audience loyalty, greater vehicle usage, and other media related behaviors. More recently, similar claims are made by media engagement theorists regarding levels of newspaper readership and receptivity to advertising messages. The dilemma for media managers charged with making decisions about how best to manage and strengthen customer relationships through the delivery of high quality business operations is which model to choose. To date no study has examined the relative effects of customer satisfaction and engagement resulting from business operations onto the future intentions of media audiences. This study presents a comprehensive model that blends both approaches for a newspaper vehicle. The results indicate that media satisfaction and engagement play complementary roles in predicting the future intentions of media audiences, and media managers need to consider both as they evaluate how their business operations impact customer relationships.

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### INTRODUCTION

For media to be successful as business enterprises they need to provide a platform for building quality consumer experiences that translate into positive word of mouth, increased usage levels, higher subscription rates, and greater receptivity to the advertising messages placed within them. However, while the challenges are well known, the paths for managing them are less clear-cut.

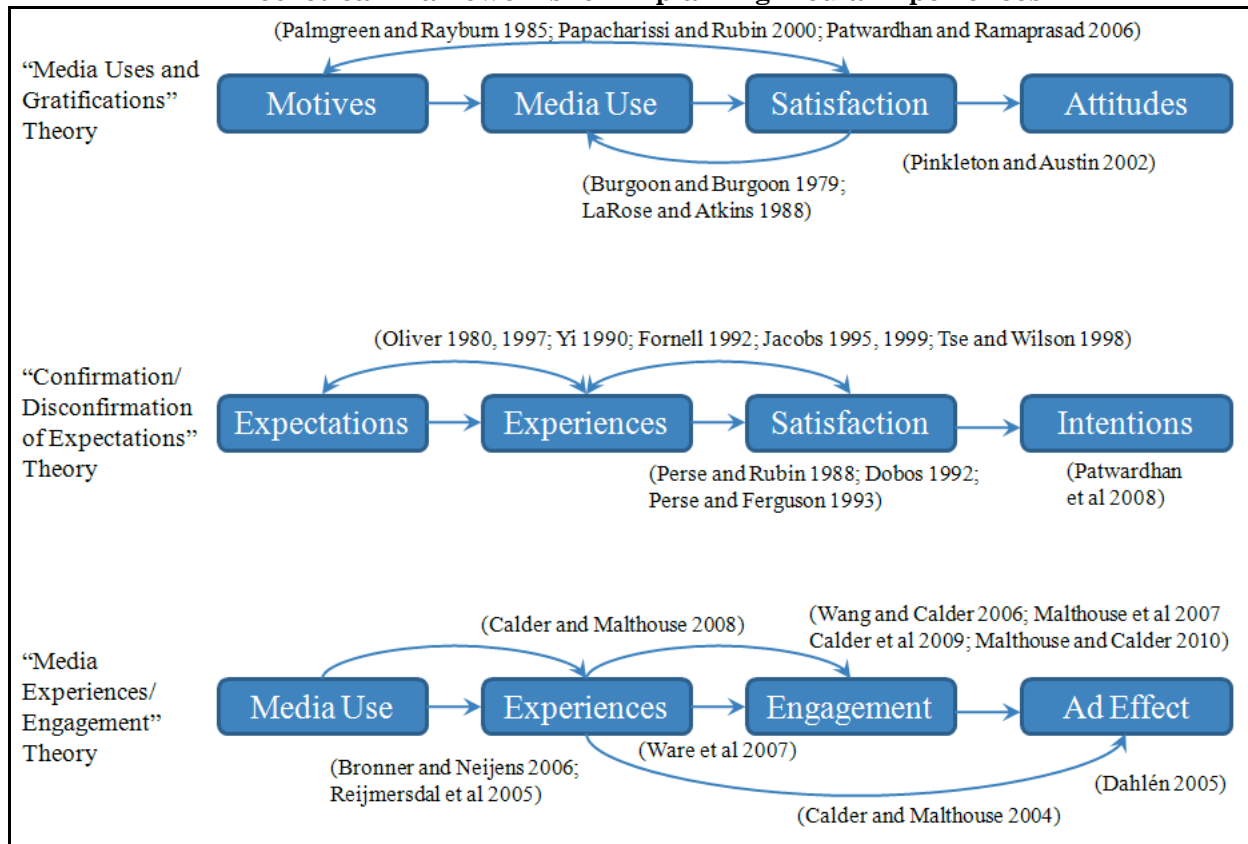
There is some degree of importance and urgency associated with understanding how operational decisions within traditional media forms affect customer experiences and continued usage. Recently many traditional media forms have been severely challenged by the advent of new forms of open source media such as social media, blogs, etc. (Berman et al., 2007; Crovitz, 2009). These fast growing media forms are characterized by digital, low marginal cost distribution systems, with real-time, highly visible user generated content that is extensively networked and which engages audiences and user groups in a manner that the traditional forms have been slow to adopt and understand (Hennig-Thurau et al., 2010).

It is posited in this study that for media vehicles in general to survive and prosper, they need better tools for measuring and managing the provision of two complementary benefits to their audiences—utilitarian benefits for satisfying basic informational needs and hedonic benefits that engage audiences in transformational ways (Chitturi, Raghunathan and Mahajan, 2008). The purpose of this paper is to report the results of a study that examines how the experiences of media vehicle audiences with three aspects of business operations (circulation management, content development, and advertising sales) affect overall customer satisfaction and engagement responses toward the vehicle, and then how these responses impact future financially relevant behavioral intentions. The paper consists of five parts. First, the relevant literature concerning media satisfaction and engagement is briefly reviewed. Second, the research questions and the conceptual framework for the research study are presented culminating with a statement of the hypotheses that are evaluated. Third, the research methodology is presented detailing the measurement, data collection and analysis techniques used to test the hypotheses. Fourth, the research findings are presented and their relevance to the hypotheses is discussed. The paper concludes with a delineation of the managerial implications along with the limitations and suggestions for future research in this area of inquiry.

## **LITERATURE REVIEW**

As introduced above, this study is concerned with investigating the roles of both media satisfaction and engagement as key mediating variables between the features and experiences provided by a media vehicle, and the financially relevant behavioral intentions of the audiences, specifically recommendations, continued subscription and usage, as well as receptivity to advertising with the media vehicle. The literature addressing the components of this basic conceptualization has evolved from three separate schools of thought (see Figure 1).

**Figure 1**  
**Theoretical Frameworks for Explaining Media Experiences**



### Media Uses and Gratifications Theory

The first theoretical approach, from the mass communications literature, focuses on the uses and gratifications received from media. The concept of customer satisfaction is seen as an important indicator of how well the use of a media form addresses the needs of audiences [i.e., satisfaction with the uses of media lead to gratifications (motivation drive reduction)]. For instance, based on the “uses and gratifications” theory (Blumler, 1979; Palmgreen and Rayburn, 1985), Burgoon and Burgoon (1979) investigated the effects of newspaper image, ease of reading and editorial tone on newspaper satisfaction; and Palmgreen and Rayburn (1985) demonstrated that certain aspects of news gratifications explained news vehicle satisfaction.

Investigations from this perspective have tended to focus on the role of satisfaction as a consumption outcome (Palmgreen and Rayburn, 1985) and as predictor or correlate of media usage and associated behaviors (Jacobs, 1995, 1999, LaRose and Atkin, 1988, Papacharissi and Rubin, 2000). This approach is utilitarian in nature since it conceptualizes media as performing an essential function for audiences—the fulfillment of various needs (informational or entertainment). Extensions within this school examine the role of media satisfaction in continued or expanded media use (Burgoon and Burgoon, 1979). More recent research in this tradition has explored the role of media satisfaction in political disaffection and efficacy (Pinkleton and Austin, 2002); the satisfaction with magazines as information sources for product decisions (Pingol and Miyazaki, 2005); and the satisfaction with computer mediated environments to meet various personal and social needs (Patwardhan and Ramaprasad, 2006).

## **Confirmation-Disconfirmation of Expectations Theory**

In an attempt to enhance the theoretical rigor of the explanations for media satisfaction, some mass communication theorists incorporated concepts from the traditional confirmation-disconfirmation school of customer satisfaction (Oliver, 1980, 1997; Yi, 1990; Fornell, 1992; and Tse and Wilson, 1998). Here consumer satisfaction with a media form is seen as derived from expectations compared to experiences (Palmgreen and Rayburn, 1985; Jacobs, 1995; Perse and Rubin, 1988; Perse and Ferguson, 1993; and Dobos, 1992), with subsequent effects onto future intentions (Patwardhan et al., 2008). For example, Perse and Rubin (1988) showed a relationship between program expectations and various viewing activities on overall television program satisfaction; and, Perse and Ferguson (1993) evaluated how newer television technologies affect viewing satisfaction. A more institutionalized sanctioning of this approach is the inclusion in the American Customer Satisfaction Index (ACSI) of satisfaction measures reported yearly since 1994 for newspapers, network cable TV news, internet news and information, and most recently internet social media (ACSI, 2010).

While the two conceptualizations outlined above are largely utilitarian and cognitive in nature, there has been some debate about whether satisfaction also includes affective aspects as well (Perse and Rubin, 1988; Dobos, 1992). The ability of a media form to deliver quality experiences that provides audience benefits is preeminent to these two approaches, however there is little consensus about the nature of the benefits received (i.e., utilitarian or hedonic in nature). Recent criticism of the customer satisfaction research emanating from the mass communication tradition notes a variety of conceptualizations and measures, and little focus on the definition or measurement of media satisfaction itself (Patwardhan et al., 2008).

## **Media Experiences-Engagement Theory**

Recently a third stream focused on the concept of media engagement has emerged as an alternative explanation for why audiences use media, and one that may best explain the delivery of hedonic benefits to media audiences (Wang and Calder, 2006). Originally developed as a way to explain how the effectiveness of an advertisement in a media vehicle may be dependent upon the environment in which it appears (Dahlén, 2005), it established the notion that media environments provide experiences that build engagement.

This parallel path conceptualization arose from within the advertising/media management tradition by researchers investigating how media vehicle environments provide stimulation and pleasurable (i.e. hedonic) experiences that enhance the effectiveness of advertising (Calder and Malthouse, 2004; Wang and Calder, 2006; Malthouse, Calder and Tamhane, 2007), and build engagement with the media vehicle (Ware et al., 2007; Calder and Malthouse, 2008).

This newer theoretical perspective, in contrast to the more traditional approaches discussed previously, argues that continued media use is dependent upon engaging experiences that transform the user rather than by merely providing information that satisfy needs (Calder and Malthouse, 2008; Calder et al., 2009). The quality of the experiences provided may build loyalty among media audiences and increase their receptiveness to advertising placed within the media (Bronner and Neijens, 2006). Furthermore, Malthouse and Calder (2010) have suggested that the media experiences may be as important in determining the effectiveness of the ad as the execution and creative factors of the ad itself.

## **Summary**

There are a number of conceptual linkages for integrating the three theoretical approaches reviewed. A common thread is the focus on experiences or uses of media by audiences that may be caused by motives or expectations of benefits. Another commonality is that audiences react to the benefits

delivered in one of two ways, either through an assessment of how well the medium provided the benefits sought (a satisfaction response), or by being stimulated in a pleasurable way (an engagement response). Finally, a third common feature is that an outcome results in the form of revised attitudes (say towards a brand or the media vehicle), intentions to take some future action (such as use the medium again), or by giving greater attention to an advertised product. The commonalities across the three approaches reviewed above suggest that an integrated model combining elements from each may be a useful conceptual framework for guiding media management decisions. The purpose of this study is to explore this integrated perspective.

In the literature reviewed, no research was found that investigated how the experiences of media users differentially affected satisfaction and engagement responses; nor how satisfaction and engagement jointly affect key media vehicle business outcomes such as attention to advertising messages or the continued use of the media in the future. Given these gaps in the literature, this study addresses the following research questions:

**RQ1:** Do the experiences with a media vehicle's business operations affect an audience's overall assessment of satisfaction and the level of engagement with the vehicle?

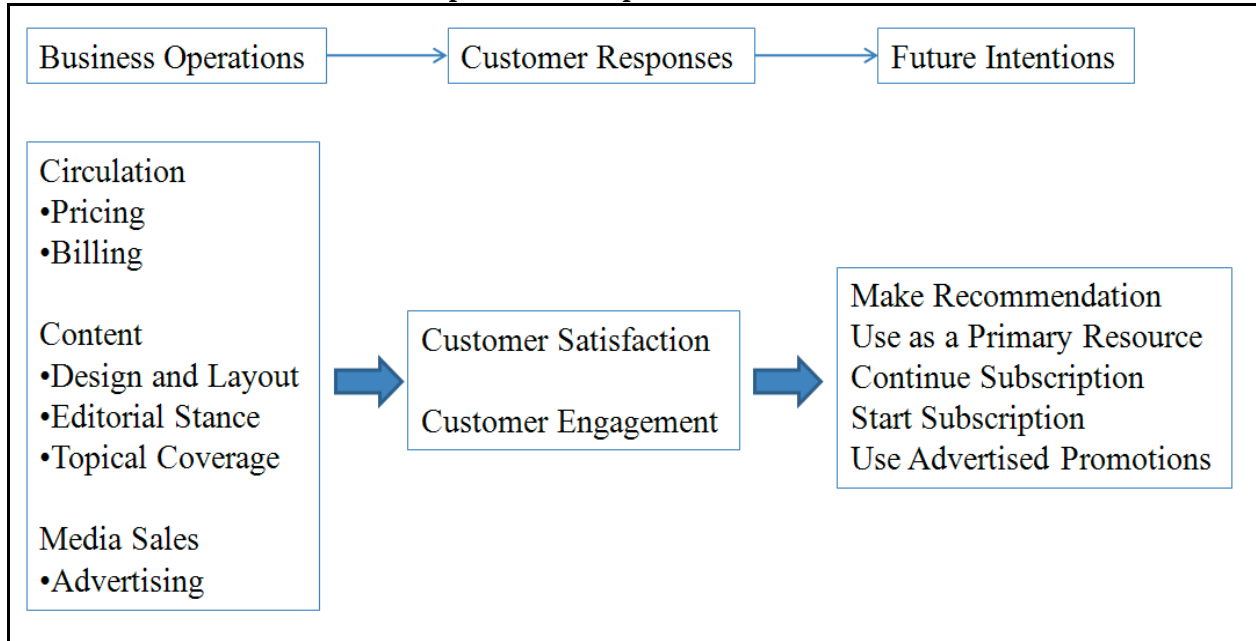
**RQ2:** Do satisfaction and engagement responses differentially affect the audience's future intentions regarding the use of the vehicle?

## **CONCEPTUAL FRAMEWORK AND STUDY HYPOTHESES**

The conceptual framework guiding this study borrows from the three approaches discussed in the literature review. Based on this background it is expected that the experiences delivered to media vehicle audiences by the business operations of the vehicle will generate utilitarian (i.e., satisfaction) and hedonic (i.e., engagement) responses, that in turn determine the future behavioral intentions of the vehicle customers toward certain activities that have desirable business outcomes for the vehicle (see figure 2). In this study, the framework is tested using a newspaper media vehicle.

An important requirement for testing the proposed model within a newspaper vehicle environment is the identification of the key business operations for delivering experiences. Most print media are organized around the three critical business functions of circulation management, content development, and advertising sales (Fetscherin and Knolmayer, 2004; Kuivalainen et al., 2007; Ellonen and Kuivalainen, 2008). The success of the print vehicle is dependent on the satisfaction and engagement that customers receive from the experiences delivered by these functions that in turn affect future customer behaviors necessary for the financial performance of the vehicle. As illustrated in Figure 2, this study examines the experiences delivered by six areas of newspaper business operations. The focus on six areas is consistent with findings from past media research studies some of which were reviewed earlier.

**Figure 2**  
**Proposed Conceptual Framework**



### Hypotheses

The hypotheses tested in this study follow (see Figure 3 for a summary). In the circulation operations area, two types of decisions can potentially affect the relationships with customers—pricing and billing. Bailey and Seock (2010) found that pricing affected the loyalty levels toward a fashion magazine. Here price is conceived as an indication of the value (benefits received given the price paid) of the media vehicle to the consumer. Value should affect both the overall assessment of satisfaction and the engagement level with the media vehicle.

H<sub>1a, b</sub>: The more favorable the price rating, the higher the satisfaction and engagement levels.

Billing represents a barrier that could reduce the delivery of benefits—to the extent that billing operations are painless enhances the satisfactions and engagement.

H<sub>2a, b</sub>: The more favorable the billing rating, the higher the satisfaction and engagement levels.

Regarding the content business area, three aspects of content deliver experiences to vehicle audiences—design and layout, the editorial stance of the vehicle, and the topical coverage provided. Burgoon and Burgoon (1979) found that the quality of the product in the form of production values (such as design) enhanced satisfaction. Bailey and Seock (2010) found that layout and design, along with informative and interesting content was positively related to loyalty. Flavian and Gurrea (2009) found a positive relationship between content and topics and subsequent attitude toward the vehicle.

H<sub>3a, b</sub>: The more favorable the layout and design ratings of the vehicle, the higher the satisfaction and engagement levels.

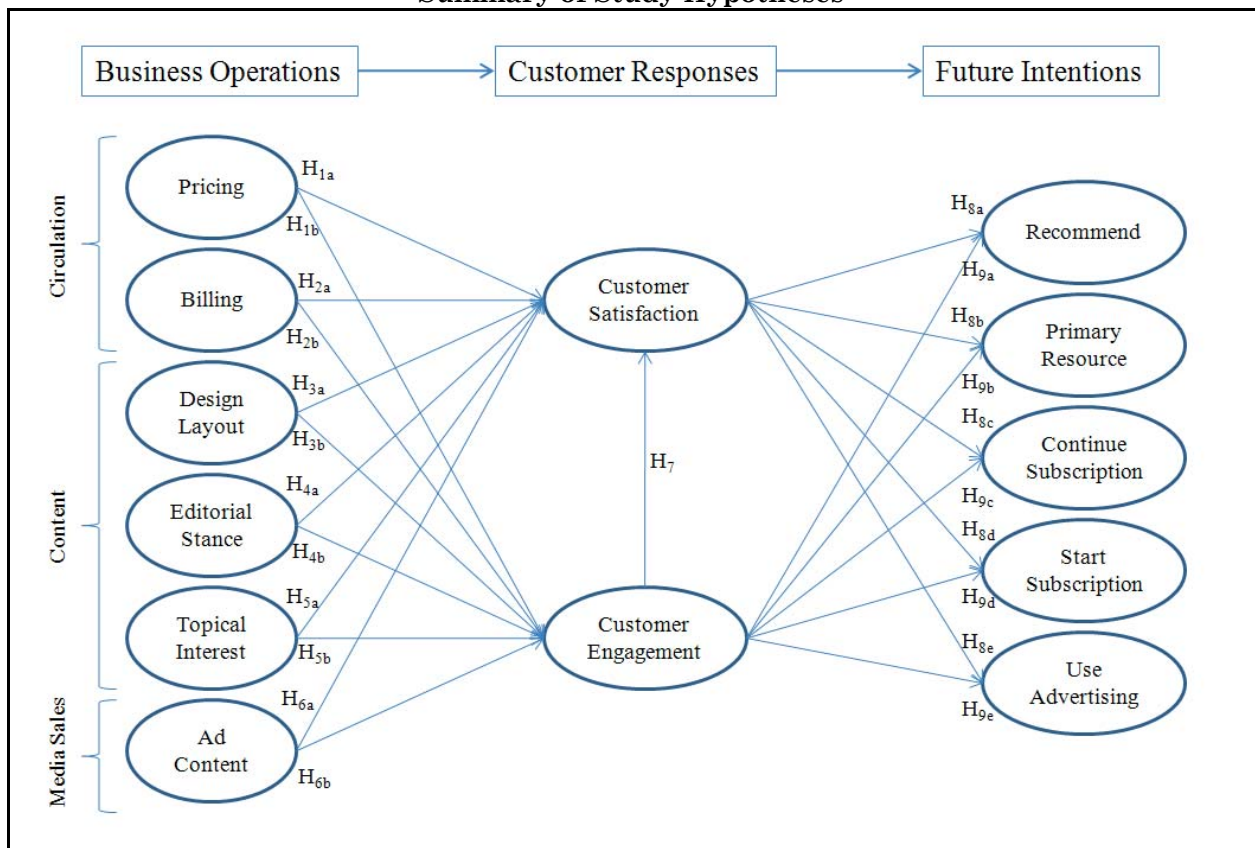
H<sub>4a, b</sub>: The more favorable the editorial stance ratings of the vehicle, the higher the satisfaction and engagement levels.

H<sub>5a, b</sub>: The more favorable the topical interest ratings to the audience, the higher the satisfaction and engagement levels.

In the advertising sales area, the experiences of customers or vehicle audiences are most directly affected by one key aspect—the usefulness of the advertising appearing in the vehicle. The notion that consumers dislike and thus avoid advertising in print vehicles is not supported by recent research that found a positive relationship between the presence of ads and vehicle loyalty (Bailey and Soack, 2010) and the demand for the vehicle by consumers (Kaiser and Song, 2009).

H<sub>6a, b</sub>: The greater the perceived usefulness of the ads appearing in the vehicle, the greater the satisfaction and engagement levels.

**Figure 3**  
**Summary of Study Hypotheses**



Engagement is hypothesized to have a positive effect on satisfaction with a media vehicle. As suggested by Calder and Malthouse (2008), engaging experiences energize the overall satisfaction response formed by media audiences. Engagement levels may enhance satisfaction to the extent that the additional pleasurable and immersive experiences delivered by the media form stimulate audiences in ways that are unexpected.

H<sub>7</sub>: The higher the level of audience engagement with the media vehicle, the greater the level of satisfaction expressed by customers.

The effect of satisfaction on a variety of future behaviors has been widely reported (Fornell, 1992; Oliver, 1997). Therefore, it is expected that satisfaction directly and positively affect key business outcomes of interest to media managers.



H<sub>8a, b, c, d, e</sub>: Higher levels of satisfaction will predict higher levels of recommendation, greater use of the vehicle as a primary resource, greater likelihood of continued subscription, higher likelihood of starting a subscription, and greater use of advertising.

The effects of engagement on the future behaviors in the model is hypothesized and supported by research (Calder and Malthouse, 2008; Calder et al., 2009; Malthouse and Calder, 2010). Based on this research, it is expected that engagement will exhibit direct effects independent from satisfaction onto key business outcomes.

H<sub>9a, b, c, d, e</sub>: Higher levels of engagement will predict higher levels of recommendation, greater use of the vehicle as a primary resource, greater likelihood of continued subscription, higher likelihood of starting a subscription, and greater use of advertising.

## **METHODOLOGY**

### **Data Collection**

Readership surveys were conducted by a commercial data collection firm from a probability sample of readers of a major southern United States newspaper. The data was collected via a random-digit-dialing telephone survey method from the newspaper metropolitan coverage area; 712 completed surveys were collected. Non-response bias was not considered a factor in the data quality since comparisons between known population parameters, as determined from previous readership studies, and respondent profiles, were found to be statistically similar.

### **Measurement**

A questionnaire developed by a commercial customer satisfaction-consulting firm was used to capture perceptions of the newspaper business operations, customer satisfaction and engagement as well as future behavioral intentions. The items used for measuring the perceptions of the business operations of the newspaper were based on both secondary sources as well as qualitative studies conducted by the firm using in-depth interviewing techniques. All business operations items on the questionnaire were measured on a 1-10 “poor” to “excellent” perceived performance scale.

The customer satisfaction scale is the same scale used by the American Customer Satisfaction Index (ACSI, 2010; Fornell et al., 1996). The scale is comprised of three items measuring “overall satisfaction” (1= “very dissatisfied”, 10=“very satisfied”), “performance compared to expectations” (1=“did not meet my expectations”, 10=“has exceeded my expectations”), and “performance compared to an ideal” (1=“not at all ideal”, 10=“very close to ideal”).

The media engagement scale is derived from measures reported by Calder and Malthouse (2008). Media engagement had been defined as “collective qualitative experiences that a reader has with the editorial content” (Malthouse and Calder, 2010, p.218). Its measurement is conceived as a latent variable constructed from a combination of salient audience experiences. In this study eight items capturing common experiences expressed by newspaper readers (Calder and Malthouse, 2004) were rated on a 1 to 10 “strongly disagree” to “strongly agree” scale.

Five single item measures were used to capture the future intentions of newspaper customers. One item measuring the “likelihood to recommend the newspaper to a friend” (1=“very unlikely” to 10= “very likely”). One item measuring the “likelihood of using the newspaper as the primary source for news” (1=“very unlikely” to 10= “very likely”). One item measuring the “likelihood to continue a subscription” (1=“very unlikely” to 10= “very likely”). One item measuring the “likelihood to start a subscription” (1=“very unlikely” to 10= “very likely”). In addition, one item measuring the “extent to which the respondent would take advantage of money saving coupons or ads in the paper” (1=“use

not at all” to 10= “use all the time”). A complete listing of all items from the questionnaire used in the construction of the model, along with the descriptive statistics, can be found in Appendix B.

## **Analysis**

Standard descriptive statistics were used to capture the frequencies for the sample profile variables, and the means, standard deviations, and skewness of the scaled items. To test the hypotheses shown in Figure 3, a structural equations model (SEM) with latent variables was estimated using a latent variable partial least squares (LV-PLS) algorithm called Smart PLS version 2.0 M3 (Ringle, et al., 2005). A path-weighting scheme with initial weights of 1.0, 300 iteration maximum, and an abort criterion of 1.0E-5 was used to estimate the model reported here.

LV-PLS is used for several reasons. First, LV-PLS provides measurement model and structural path estimates without distribution assumptions and may be used with small sample sizes compared to the complexities of the model. It also operates quite well with skewed and non-normal data. Second, the model tested is exploratory and is not measuring all of the constructs of a robust theory but only a subsection of it as defined by the LV-PLS parameters. Third, LV-PLS can handle second order and formatively formed constructs more easily than other SEM methods. This is important for this study since one component of the model (i.e., topical interest) is formative in nature. Fourth, consistent with the exploratory nature of the study, the objective of this analysis is to test the sequential predictive relationships between the variables in the hypothesized network, not to test whether the data “fits” a predefined theory. Finally, PLS estimates are less prone to errors from weakly defined constructs since it measures constructs as blocks and studies the predictive paths between these blocks (Chin, Peterson, and Brown, 2008).

## **FINDINGS AND DISCUSSION**

### **Sample Profile**

The sample profile showed the following key characteristics: Most were 45 years old or older (55.7%); female (57.7%); current subscribers (54.9%); ethnically white (68.7%); had lived in the area served by the newspaper for more than 10 years (59.4%); and tended to be moderate or conservative in their political stance (72.4%). The complete sample profile is presented in Appendix A.

### **Measurement Model**

The measurement model illustrated in Figure 3 contains six exogenous predictors of the mediating endogenous latent variables (LVs) customer satisfaction and engagement, which in turn predict five endogenous future behavior variables. Five of the exogenous predictors are conceptualized as reflective or outwardly directed LVs. This means that the LV scores are estimated in a fashion similar to that as the first principal component of the hypothesized indicators. Therefore, it is expected that the indicators are correlated and the factor loadings represent predictable, common variance among the manifest variables. In contrast, the topical interest LV is best described as a formative or inwardly directed construct. Its score is estimated as a regressed variate and its factor weights are identified (Falk and Miller 1992, pp 25-28).

The decision to use a formative approach for the topical interest LV was based on a desire to use a composite measure of separate and seemingly independent indicators of interest for different article topics contained within the newspaper. Preliminary data exploration showed that article interest varied widely and the correlation across topics was low. By combining the indicators formatively, a more parsimonious measure of the concept was developed rather than including each measure as a separate exogenous predictor.

**Table 1**  
**Loadings and Cross Loadings for Reflective Constructs**

LVs	Items	Pricing	Billing	Design	Editorial	Advert.	CSI	Engage.
Price	price1	<b>0.772</b>	0.303	0.180	0.205	0.190	0.391	0.253
	price2	<b>0.943</b>	0.264	0.327	0.327	0.277	0.600	0.445
	price3	<b>0.936</b>	0.269	0.344	0.387	0.264	0.662	0.476
Billing	bill1	0.301	<b>0.714</b>	0.215	0.176	0.133	0.279	0.242
	bill2	0.224	<b>0.775</b>	0.270	0.129	0.067	0.196	0.142
	bill3	0.186	<b>0.812</b>	0.201	0.176	0.053	0.178	0.124
	bill4	0.175	<b>0.793</b>	0.252	0.160	0.143	0.184	0.138
	bill5	0.226	<b>0.722</b>	0.267	0.175	0.113	0.234	0.092
Design	design1	0.203	0.212	<b>0.787</b>	0.268	0.289	0.228	0.241
	design2	0.297	0.301	<b>0.847</b>	0.320	0.338	0.345	0.337
	design3	0.293	0.259	<b>0.886</b>	0.364	0.413	0.327	0.324
	design4	0.290	0.256	<b>0.763</b>	0.225	0.307	0.293	0.234
Editorial	edit1	0.293	0.160	0.201	<b>0.799</b>	0.235	0.458	0.340
	edit2	0.177	0.148	0.267	<b>0.782</b>	0.285	0.291	0.244
	edit3	0.205	0.137	0.289	<b>0.767</b>	0.266	0.293	0.264
	edit4	0.180	0.143	0.264	<b>0.755</b>	0.269	0.291	0.244
	edit5	0.360	0.191	0.316	<b>0.690</b>	0.289	0.537	0.687
Ads	ads1	0.275	0.148	0.269	0.253	<b>0.763</b>	0.302	0.289
	ads2	0.207	0.107	0.326	0.305	<b>0.828</b>	0.286	0.230
	ads3	0.178	0.070	0.290	0.249	<b>0.722</b>	0.183	0.239
	ads4	0.200	0.098	0.406	0.319	<b>0.807</b>	0.268	0.268
CSI	CSI1	0.586	0.267	0.291	0.462	0.269	<b>0.896</b>	0.574
	CSI2	0.567	0.282	0.293	0.491	0.307	<b>0.909</b>	0.561
	CSI3	0.567	0.239	0.403	0.519	0.332	<b>0.882</b>	0.564
Engagement	engage1	0.274	0.174	0.209	0.386	0.170	0.418	<b>0.730</b>
	engage2	0.294	0.144	0.194	0.322	0.227	0.421	<b>0.772</b>
	engage3	0.335	0.108	0.230	0.474	0.281	0.451	<b>0.766</b>
	engage4	0.293	0.145	0.208	0.402	0.205	0.431	<b>0.775</b>
	engage5	0.355	0.110	0.295	0.397	0.339	0.450	<b>0.738</b>
	engage6	0.452	0.227	0.326	0.449	0.262	0.590	<b>0.860</b>
	engage7	0.405	0.155	0.295	0.488	0.266	0.538	<b>0.816</b>
	engage8	0.417	0.211	0.391	0.526	0.302	0.602	<b>0.785</b>

**Note:** The Topical Interest latent does not appear in this table because it is a formative construct

The measurement model for reflective components in LV-PLS is assessed in terms of item loadings, reliability coefficients (composite reliability), convergent, and discriminant validity. An essential test of measurement model adequacy is based on the loadings of the individual indicators onto hypothesized latent variables. Measures that have greater than 0.7 loadings on their respective latent variables are considered to have acceptable levels of association with their latent variables (Fornell and Larcker, 1981). In addition, for convergent validity to be manifested, the latent measures should be more highly loaded on a single latent and not exhibit cross-loadings greater than 0.6. Interpreted like a Cronbach's alpha for internal consistency reliability, a composite reliability of 0.7 or greater is considered an acceptable level of reliability (Fornell and Larcker, 1981). The composite reliability measure is a more accurate measure of reliability for SEM analyses because it takes into consideration the path structure in its computation. The average variance extracted (AVE) measures the variance captured by the indicators relative to the measurement error and should be greater than 0.5 to justify using a construct (Barclay, Thompson and Higgins, 1995). The

discriminant validity of the measures (the degree to which the items differentiate among constructs or measure distinct concepts) is assessed by examining the correlations between the measures of potentially overlapping constructs. Items should load more strongly on their own constructs in the model, and the average variance shared between each construct and its measures should be greater than the variance shared between the constructs and the other constructs. Formative components are evaluated in a different manner as described below.

The model tested here converged in five iterations providing the following results. In Table 1 the loadings and cross loading of the reflective constructs are displayed, while Table 2 presents the characteristics of the single formative LV contained in the model. All of the reflective constructs shown in Table 1 possess acceptable loadings (> 0.7). This indicates that the measures related with each latent show consistent empirical association with the latent. Furthermore, the cross loadings among the business operations latent variables are well below the 0.6 cutoff. This indicates that an acceptable level of convergent validity for each of the latent variables and a minimal amount of inter-correlation between the predictors of satisfaction and engagement.

The topical interest LV was constructed of items that were not necessarily correlated with each other, but did provide measures of interest with different article types contained within the newspaper. As explained earlier, in order to provide a measure of overall topical interest for the different articles of the newspaper, the separate items were combined into a formative index. This approach to theory construction is acceptable if the objective is the explanation of abstract or unobserved variance among measures that contain sufficient similarity of meaning (Diamantopoulos and Winklhofer, 2001).

**Table 2**  
**Formative construct measurement model**

LV	Items	Loading	t-stat	P	Weight	t-stat	p	Tolerance	VIF
Topical Interest	Interest1	0.645	21.783	5.22E-81	0.449	12.419	3.42E-32	0.919	1.088
	Interest2	0.487	16.853	7.00E-54	0.167	5.764	1.23E-08	0.871	1.148
	Interest3	0.584	23.557	3.62E-91	0.294	9.961	5.69E-22	0.868	1.152
	Interest4	0.735	32.734	4.10E-144	0.477	16.038	1.20E-49	0.800	1.251
	Interest5	0.536	24.651	1.73E-97	0.194	7.369	4.79E-13	0.831	1.204

**Note:** All loadings and weights are significant

Table 2 displays the bootstrapped loadings and weights for the formatively developed topical interest LV along with the tolerance and variance inflation factors (VIF) associated with each indicator. Formative latent variables must possess significant loadings and weights for construct validity, and the multicollinearity between the indices must be low (Hair et al 2011). As shown in Table 2, both the loadings and weights for each indicator are significantly associated with the topical interest LV. There is also no evidence of multicollinearity with all indicators possessing tolerance values greater than the prescribed minimum of 0.2, and variance inflation factors much less than the maximum of 5.0. In addition, the condition index was 24, smaller than the recommended maximum of 30 (Hair et al 2011).

Table 3 shows the respective Cronbach's Alphas for each reflective latent variable. All exceed the minimum standards needed for good measurement reliability of > 0.7 and the composite reliabilities are also well above the acceptable minimum value (0.7). An examination of the average variance extracted (AVE) values reveals that all of the reflective constructs exceed the minimum 0.5 level for acceptable construct validity. Finally, the discriminate validity test is met since all of the off-diagonal correlation coefficients are much less than the square roots of the AVEs. In summary, the measurement model meets and exceeds the minimum standards for an exploratory study.

**Table 3**  
**Model Quality Statistics**

	Pricing	Billing	Design	Editorial	Top. Int.	Advert.	Engage.	CSI	Recom.	Prim Src	Cont. Sub.	Start Sub.	Use Ads
Pricing	<b>0.887</b>	0	0	0	0	0	0	0	0	0	0	0	0
Billing	0.305	<b>0.764</b>	0	0	0	0	0	0	0	0	0	0	0
Design	0.333	0.316	<b>0.822</b>	0	0	0	0	0	0	0	0	0	0
Editorial	0.359	0.217	0.363	<b>0.759</b>	0	0	0	0	0	0	0	0	0
Topical Interest	0.359	0.251	0.381	0.436	<b>1*</b>	0	0	0	0	0	0	0	0
Advertising	0.279	0.139	0.413	0.361	0.347	<b>0.781</b>	0	0	0	0	0	0	0
Engagement	0.459	0.208	0.351	0.556	0.437	0.331	<b>0.781</b>	0	0	0	0	0	0
Satisfaction (CSI)	0.640	0.293	0.368	0.548	0.405	0.339	0.633	<b>0.896</b>	0	0	0	0	0
Recommendation	0.442	0.230	0.227	0.441	0.309	0.219	0.631	0.590	<b>1*</b>	0	0	0	0
Primary Source	0.288	0.204	0.409	0.459	0.343	0.259	0.538	0.402	0.448	<b>1*</b>	0	0	0
Continue Sub.	0.189	0.271	0.163	0.164	0.089	-0.022	0.215	0.232	0.290	0.274	<b>1*</b>	0	0
Start Sub.	0.077	0.000	0.140	0.128	0.106	0.123	0.171	0.143	0.178	0.278	0	<b>1*</b>	0
Use Ads	0.170	0.037	0.239	0.227	0.231	0.556	0.198	0.180	0.191	0.211	0.024	0.116	<b>1*</b>
Composite Reliability	0.917	0.875	0.893	0.872	0	0.862	0.926	0.924	1	1	1	1	1
Cronbachs Alpha	0.866	0.826	0.840	0.834	0	0.787	0.909	0.877	1	1	1	1	1
AVE	0.787	0.584	0.676	0.577	0	0.610	0.610	0.802	1	1	1	1	1
R Square	0	0	0	0	0	0	0.417	0.594	0.459	0.296	0.062	0.031	0.044
Redundancy	0	0	0	0	0	0	0.098	0.279	0.357	0.285	0.036	0.028	0.036

Diagonal elements are the square roots of the average variance extracted.  
 Off diagonal elements are the correlations among the constructs.  
 Diagonal elements should be larger than off-diagonal elements in order to obtain the discriminant validity.

\*Note: Constructs with formative measurement (Topical Interest) and single indicators have no AVE value.

## Structural Model

The structural model in LV-PLS is assessed by examining the path coefficients (standardized betas) and associated t-statistics. In addition, the coefficient of determination ( $R^2$ ) is used as an indicator of the overall predictive strength of the model (see Table 4 and Figure 4 for a summary of the results). The significance levels of the path coefficients generated from the LV-PLS analysis results were assessed by running a bootstrapping routine to generate estimated t-statistics. A bootstrapping procedure consisting of 712 samples of 5000 cases as recommended by Hair et al (2011) produced the standard errors of the estimates displayed in Table 4. The resulting standard errors were then used to calculate a t-statistic for the estimated parameters.

## Discussion

The path coefficients from the PLS analysis are shown in Table 4 and Figure 4. Based on the bootstrapping results, 21 of the 23 hypothesized effects are significant. For the hypothesized effects on customer satisfaction, six of the seven effects are supported. Pricing (0.391), billing (0.052), design (.022), editorial stance (0.201), ads (.036), and customer engagement (0.307) are all positive and significant predictors of customer satisfaction. Overall, the model explains 59.4% of the variation in customer satisfaction. The results are consistent with previous research findings by Burgoon and Burgoon (1979) who found a relationship between editorial image and satisfaction, Flavian and Gurra (2009) who found a relationship between content and satisfaction, and Bailey and Seock (2010) who found relationships with loyalty for price and content. The effects are also consistent with the predictions hypothesized by Calder and Malhouse (2008) of engagement on customer satisfaction. The lack of a significant effect of topical interest (0.009) onto satisfaction was surprising given the previous research findings (Bailey and Seock, 2010; Flavian and Gurra, 2009) pertaining to topical interest and attitudes toward print media vehicles.

For the hypothesized effects onto customer engagement pricing (0.241), design (0.062), editorial stance (0.364), topical interest (0.152), and the presence of ads (0.055) are significant predictors. Only the effect of billing (-0.010) was insignificant. Overall, the model explains 41.7% of the variance in customer engagement. The effect of editorial stance onto customer engagement is about 80% larger (0.364/0.201) than its effect on customer satisfaction, while the opposite is true for the effect of

pricing on customer engagement (0.241/0.391). In addition, where topical interest had no predictive effect on customer satisfaction, it is a significant predictor of customer engagement (0.152). These predictions are consistent with existing theory and previously reported findings. Since the editorial stance and topical interest would be expected to generate engaging experiences for media audiences, then as postulated by Calder and Malthouse (2008), experiences that are aligned with the needs of the audience will contribute to the transformative effects (Wang and Calder, 2006) of the media and enhance audience engagement. The predictive effects of pricing onto engagement may capture the perceived value of the newspaper in the delivery of desirable experiences.

**Table 4**  
**Bootstrap Results**

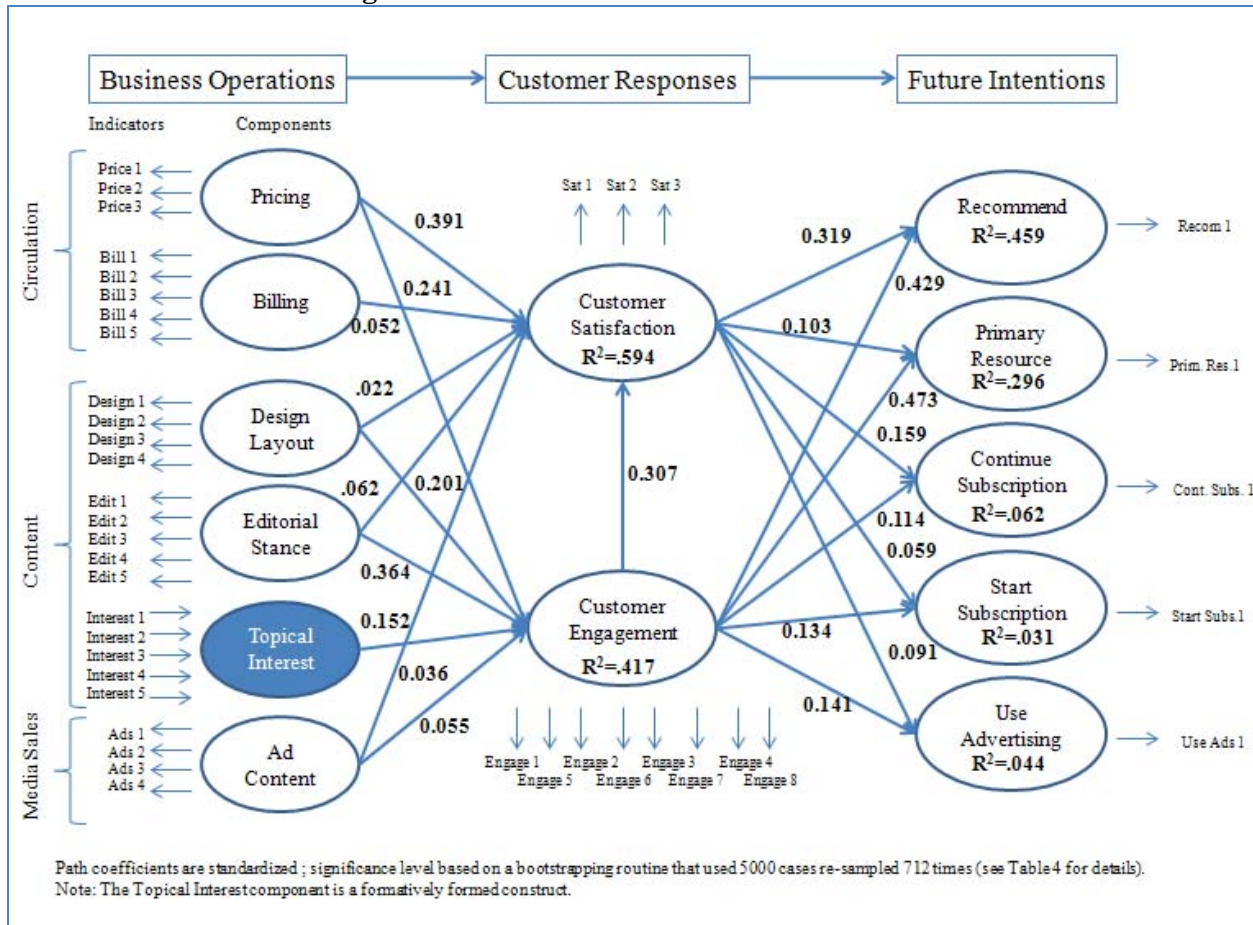
Hypothesized Path	H	Std Coef	Bootstrap Results (5000 cases 712 samples)			
			Mean	Std Error	t-Stat	Probability
Pricing → CSI	H1a	<b>0.391</b>	0.390	0.013	<b>29.857</b>	<b>1.22E-127</b>
Price → Engagement	H1b	<b>0.241</b>	0.242	0.015	<b>15.721</b>	<b>5.01E-48</b>
Billing → CSI	H2a	<b>0.052</b>	0.052	0.010	<b>5.056</b>	<b>5.46E-07</b>
Billing → Engagement	H2b	-0.010	-0.011	0.014	0.724	4.70E-01
Design → CSI	H3a	<b>0.022</b>	0.023	0.010	<b>2.268</b>	<b>2.37E-02</b>
Design → Engagement	H3b	<b>0.062</b>	0.061	0.014	<b>4.297</b>	<b>1.98E-05</b>
Editorial → CSI	H4a	<b>0.201</b>	0.202	0.014	<b>14.650</b>	<b>1.14E-42</b>
Editorial → Engagement	H4b	<b>0.364</b>	0.363	0.011	<b>33.029</b>	<b>8.71E-146</b>
Topical Interest → CSI	H5a	0.009	0.009	0.012	0.756	4.50E-01
Top. Int. → Engagement	H5b	<b>0.152</b>	0.153	0.015	<b>10.431</b>	<b>8.39E-24</b>
Ads → CSI	H6a	<b>0.036</b>	0.035	0.010	<b>3.468</b>	<b>5.57E-04</b>
Ads → Engagement	H6b	<b>0.055</b>	0.055	0.014	<b>3.832</b>	<b>1.38E-04</b>
Engagement → CSI	H7	<b>0.307</b>	0.307	0.015	<b>20.694</b>	<b>7.60E-75</b>
CSI → Recom.	H8a	<b>0.319</b>	0.320	0.018	<b>18.233</b>	<b>3.06E-61</b>
CSI → Primary Src.	H8b	<b>0.103</b>	0.104	0.017	<b>6.136</b>	<b>1.41E-09</b>
CSI → Cont.Sub.	H8c	<b>0.159</b>	0.159	0.024	<b>6.607</b>	<b>7.71E-11</b>
CSI → Start Sub.	H8d	<b>0.059</b>	0.059	0.013	<b>4.599</b>	<b>5.01E-06</b>
CSI → Ad Use	H8e	<b>0.091</b>	0.091	0.018	<b>5.027</b>	<b>6.32E-07</b>
Engage → Recom.	H9a	<b>0.429</b>	0.429	0.016	<b>26.656</b>	<b>4.12E-109</b>
Engage → Primary Src.	H9b	<b>0.473</b>	0.473	0.015	<b>30.980</b>	<b>4.23E-134</b>
Engage → Cont. Sub.	H9c	<b>0.114</b>	0.115	0.020	<b>5.782</b>	<b>1.10E-08</b>
Engage → Start Sub.	H9d	<b>0.134</b>	0.135	0.016	<b>8.231</b>	<b>8.85E-16</b>
Engage → Ad Use	H9e	<b>0.141</b>	0.140	0.019	<b>7.456</b>	<b>2.60E-13</b>

**Bolded coefficients are significant**

The relatively small predictive effects of design and layout on customer satisfaction (0.022) and engagement (0.062) is not surprising given the limitations of newspaper for delivering tactile or visually stimulating experiences. Likewise, the small effects of ad content on customer satisfaction (0.036) and engagement (0.055) may reflect the tendency in newspapers of advertising to be more sales promotion oriented rather than on the development of brand linkages with customer needs.

Therefore, the opportunity for creating immersive experiences that are ego involving or stimulating and motivating through newspaper advertising is probably limited.

**Figure 4**  
**Significant Path Coefficients and R<sup>2</sup> values**



Customer satisfaction was a significant predictor of all hypothesized future intentions. These predictions are consistent with a large body of consumer research findings and are not surprising. However, the surprise lies in the comparisons made with the predictions of customer engagement onto future behaviors. Customer engagement significantly predicted all five future behaviors as well. Some contrasts between the sizes of the coefficients should be noted. For instance, for the effect of engagement on recommendation (0.429), is a 34% larger effect than from customer satisfaction (R<sup>2</sup>=0.459). The effect on primary resource (0.473), is a 359% larger effect than from customer satisfaction (R<sup>2</sup>=0.296). The effect on continue subscription (0.114), is 28% smaller than the customer satisfaction effect (R<sup>2</sup>=0.062). The effect on start subscription (0.134, R<sup>2</sup>=0.031), is 127% larger than the customer satisfaction effect. Finally, the effect on use advertising (0.141, R<sup>2</sup>=0.044), is 55% larger than the customer satisfaction effect.

The finding that customer engagement outperformed customer satisfaction as a predictor of future intentions is unexpected. The proponents of media engagement theory predicted (Calder and Malthouse, 2008) and empirically demonstrated (Wang and Calder, 2006; Malthouse et al., 2007) that engagement should increase the effectiveness of advertising placement in engaging media, but other effects have not been suggested.

## CONCLUSIONS

### Implications for Media Managers

This paper presents the results of an empirical study testing the relative contribution of media customer satisfaction and media engagement to financially relevant customer-based metrics. The findings also provide empirical support for the notion that both media customer satisfaction and media engagement mediate the relationship between perceptions of business operations performance and the behavioral intentions of media vehicle audiences.

The findings reveal that aspects of the business operations environments experienced by media vehicle consumers differentially affect the levels of media customer satisfaction and media engagement. Consequently changes in some aspects of business operations may affect media satisfaction more than media engagement (e.g., pricing and billing), while other aspects affect media engagement more (e.g., topical interest). Furthermore, the results reveal that media engagement may outperform customer satisfaction in affecting the future behavioral intentions of vehicle audiences, specifically those with clear financial implications for the vehicle (e.g., use as a primary resource for news, likelihood to start a subscription, and use ads and promotions from the newspaper).

The major managerial implication of this study is the finding that the business operations of a print vehicle like a newspaper may have significant joint effects on the development of media engagement and satisfaction among customers. As noted earlier, the survival of many print vehicles, and perhaps other media forms as well, may depend on their ability to build strong relationships with audiences in ways that not only meet their needs and expectation, but also by providing immersive and stimulating experiences. As this study demonstrates, media vehicles may develop more loyal and dependent audiences by the provision of both satisfaction and engagement—the utilitarian and hedonic.

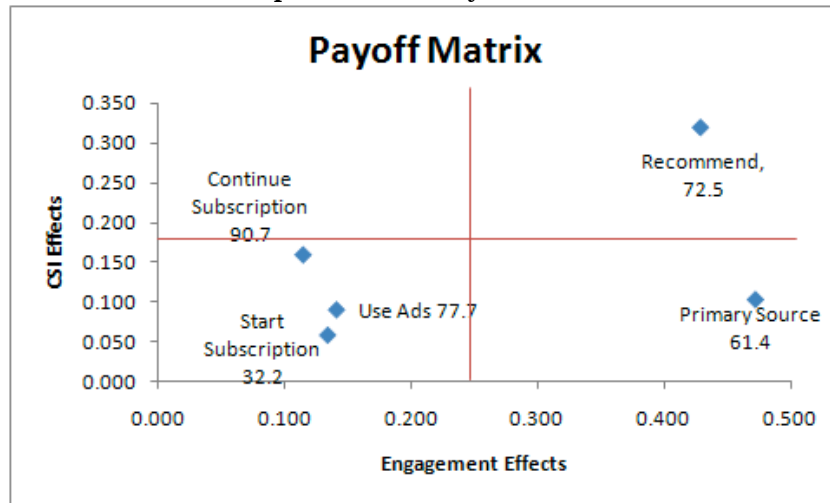
The study results provide evidence that business operation decisions should be made in ways that optimize the effects on both customer satisfaction and engagement. The findings show that utilitarian requirements are best met by decisions and activities such as pricing and billing. However, there may be other unmeasured facets of circulation management that also play a role as well (e.g., delivery and distribution, timing, frequency of publication, etc.), and should be incorporated into future models. Content development is probably the core market offering of a vehicle like a newspaper and the study shows that facets of content (editorial stance and topical interest) affect both media satisfaction and especially engagement. The experiences provided by these business operations probably contribute the most to keeping an audience engaged; but only if they are stimulating, novel and immersive. This perspective is reinforced by a recent article focusing on the reinvention of print media through the pursuit of four key strategies: the building of deeper relationships with customers, the development of new revenue streams, the reinvention of the content model, and innovation with new product and pricing (Egol et al., 2009).

Lastly, the model developed in this study demonstrates the necessity of taking a holistic stance toward the management of customer relationships. It shows that business operation decisions can affect both types of customer responses, which in turn affect the future intentions of audiences. Models of this nature are the basic building blocks for decision support systems (DSS) that can help media managers optimize resource allocations across business operations to generate the most fruitful market outcomes for the media vehicle. As an illustration, below are shown a series of improvement matrices that are constructed from a combination of the path coefficients (effects) and the LV scores (rescaled on a 0-100 basis) produced by the model. In Figure 5 the possible payoffs that could occur from improvements in engagement and satisfaction levels are shown [note: the numbers shown for each intention are the rescaled LV scores]. In Figure 5, future recommendations (with a



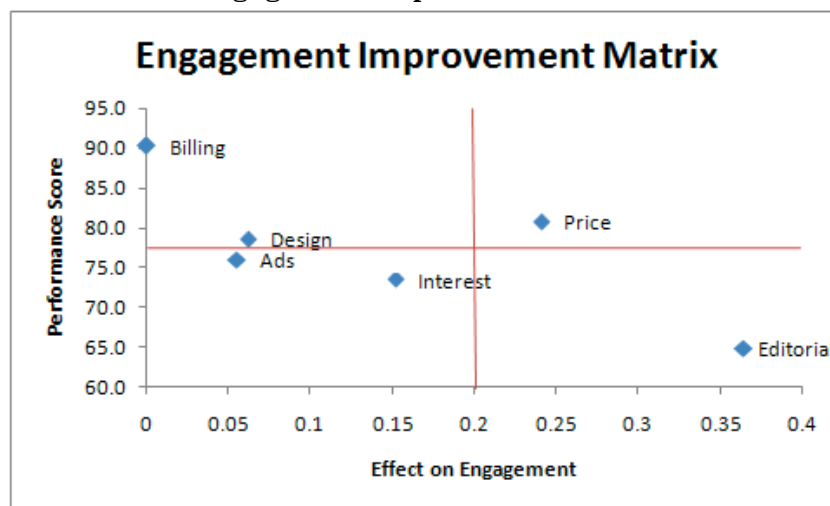
LV score of 72.5) by customers are strongly affected by improvements in both engagement and satisfaction. However, the use of the media vehicle as a primary resource is most strongly affected by engagement and only weakly affected by satisfaction and it has a low LV score of 61.4. Since advertising revenues by media forms such as newspapers are largely driven by the ability of the media vehicle to attract users on a continuous basis, media managers of this vehicle may want to improve the engagement levels of customers so that the probability of customers using the newspaper as a primary resource is increased.

**Figure 5**  
**Improvement Payoff Matrix**



The resource allocation priorities for improving either engagement or satisfaction are illustrated in Figures 6 and 7. Media managers looking to improve engagement for this media form should invest in low performing areas (measured by low LV scores) that will have large effects on engagement. Figure 6 graphically shows that improving editorial content (with a low relative performance score and a high effect on engagement) should improve overall media engagement. In addition, as shown in Figure 7, an improvement in engagement will also positively boost satisfaction.

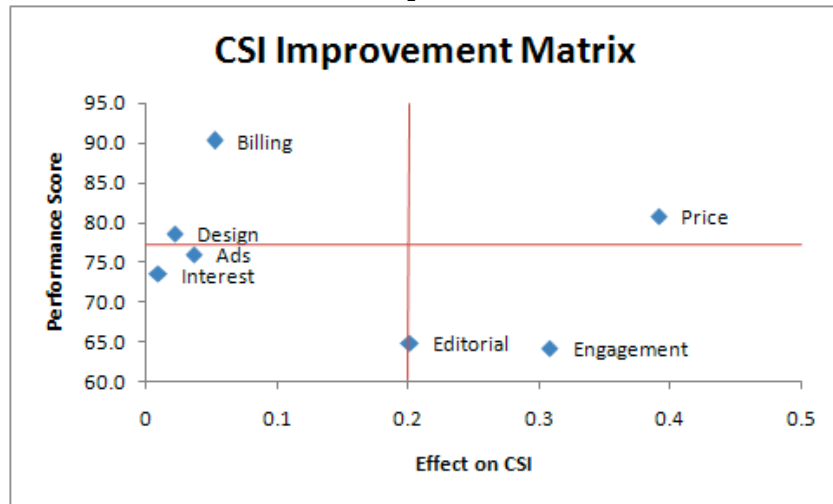
**Figure 6**  
**Engagement Improvement Matrix**



The two improvement matrices clearly show the rank order differences in effects across the various business operation areas for each of the summary responses of satisfaction and engagement by customers. By combining engagement and satisfaction into a single model, this study provides a theory-based method for systematically utilizing customer metrics to do the following:

- Diagnose the perceived performance of a media vehicle;
- Prescribe the best action steps for improving customer relationships (as captured in the dual engagement and satisfaction measures); and,
- Make prognoses for the future business outcomes based on probable future intentions by customers.

**Figure 7**  
**Satisfaction Improvement Matrix**



### Contribution to Theory

From a theory perspective, the study results support some of the predictions made by media engagement proponents. Calder and Malthouse (2008), Calder, Malthouse and Tamhane (2007) have proposed that media engagement can be conceptualized and measured on basis of media experiences and the concomitant hedonic-like stimulation received by media vehicle audiences. This study provides additional support for this theoretical notion. In addition, they and others (Reijmersdal et al., 2005; Dahlén, 2005; and Ware et al., 2007) have proposed that the effectiveness of advertising messages can be enhanced by the immersive and stimulating environments resulting from engaging experiences. The results of this study provide support for this view. Finally, while media engagement theorists have little to say about the environments that generate engagement aside from some broad based cross media comparisons (Bronner and Neijens, 2006), this study provides a preliminary glimpse at how perceptions of business operations within media vehicles may affect the formation of media engagement responses.

Media satisfaction theory is also supported by the results of this study. As was demonstrated by many earlier researchers in the area (Burgoon and Burgoon, 1979; LaRose and Atkin, 1988; Jacobs, 1995, 1999) certain manifestations of business operations were found to have strong predictive effects on customer satisfaction with the media vehicle.

### Limitations

The most significant limitation of this study was the use of a single media vehicle, a newspaper, within a single media form, print. Therefore, the generalization of the reported results to a wider

group of media forms is probably low, although the theoretical implications should be applicable across all media forms. Additional limitations are; the newspaper chosen may reflect certain unknown regional preferences and orientations that could bias the results; and the questionnaire development was driven by the needs of the consulting company supplying the data.

### **Directions for Future Research**

The most immediate research need is to broaden the scope of analysis subject and test this modeling approach with other media forms such as magazines, television, radio and internet. There is also a need to include additional measures on the business operations side of the model to include measures of delivery mode, publication timing, and size. Several of the existing measures could probably be improved to reflect the design, layout, and advertising content decision areas within the model. There is also a need to include future intention measures of the cross-channel usage of media properties such as the newspaper's website (Kuivalainen et al., 2007; Ellonen and Kuivalainen, 2008; Tarkiainen et al., 2009; Lin and Cho, 2010). While most research investigating cross-channel expansions of print vehicles suggest largely positive results from such ventures, others have found that the offering of a website cannibalizes the print circulation (Simon and Kadiyali, 2007). Certainly, this is an area with large potential research interest.

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**Appendix A  
 Sample Profile**

<b>Age</b>	Freq	%
18 to 24	40	5.6
25 to 34	125	17.6
35 to 44	141	19.8
45 to 54	140	19.7
55 to 64	98	13.8
65 or older	158	22.2
Sub-Total	702	98.6
Missing	10	1.4
Total	712	100

<b>Ethnic</b>	Freq	%
African American/Black	52	7.3
Caucasian/White	489	68.7
Hispanic/Latino	109	15.3
Native American	6	0.8
Asian/Pacific Islander	9	1.3
Other	32	4.5
Sub-Total	697	97.9
Missing	15	2.1
Total	712	100

<b>Gender</b>	Freq	%
Male	301	42.3
Female	411	57.7
Total	712	100

<b>Education</b>	Freq	%
Graduate Degree	51	7.2
Some Grad Study	18	2.5
College Graduate	84	11.8
Some College	57	8
Vocational Training	7	1
High School Graduate	76	10.7
Some High School	13	1.8
8th Grade or Less	2	0.3
Sub-Total	308	43.3
Missing	404	56.7
Total	712	100

<b>Time Subscribed</b>	Freq	%
One year or less	60	8.4
1 year to 5 years	138	19.4
6 to 10 years	47	6.6
11 to 15 years	38	5.3
15 years or more	108	15.2
Sub-Total	391	54.9
Missing	321	45.1
Total	712	100

<b>Residency Time</b>	Freq	%
Less than 3 years	124	17.4
Between 3 and 10 years	158	22.2
Between 10 and 20 years	169	23.7
More than 20 years	254	35.7
Sub-Total	705	99
Missing	7	1
Total	712	100

<b>Political Stance</b>	Freq	%
Liberal	140	19.7
Moderate	246	34.6
Conservative	269	37.8
Sub-Total	655	92
Missing	57	8
Total	712	100

**Appendix B**  
**Item summary statistics**

Varname	Mean	St.Dev	Variable Label
price1	8.29	1.99	Cost of home delivery
price2	8.24	1.99	Price paid given the quality of the newspaper
price3	8.29	1.89	Quality of the newspaper given the price paid
bill1	8.81	2.02	Bill paying options available
bill2	9.15	1.59	Billing frequencies available
bill3	9.32	1.42	Ease of understanding the bill
bill4	9.23	1.58	Accuracy of the bill
bill5	8.94	1.84	Proper crediting of your account for vacation stops or other reasons
design1	7.84	2.11	Use of color
design2	8.06	1.74	Appeal of the page design (layout)
design3	8.04	1.79	Use of visuals, graphics, and pictures
design4	8.32	1.73	Quality of the printing
edit1	7.16	2.31	Editorials and opinions provide a valuable perspective
edit2	7.14	2.29	Editorials and opinions present multiple sides of various issues
edit3	7.42	2.03	Editorials/opinions are engaging/interest-holding
edit4	6.19	2.36	Editorial and opinion pages reflect your personal viewpoint
edit5	5.35	2.95	I feel the columnists of the paper are like my friends
Interest1	7.60	1.86	Business articles are interesting to you
Interest2	7.71	1.85	Entertainment articles are interesting to you
Interest3	7.79	1.73	Lifestyle articles are interesting to you
Interest4	7.60	1.93	Local news articles hold your interest
Interest5	7.30	1.97	National and international news articles hold your interest
ads1	8.67	1.62	Usefulness of the advertising inserts in making shopping decisions
ads2	8.03	2.17	Usefulness of ads appearing in the paper for making shopping decisions
ads3	7.21	2.59	Usefulness of advertising for entertainment and sporting events
ads4	7.14	2.36	Extent to which advertising for neighborhood/local businesses meets your needs
CSI1	8.15	2.12	Overall satisfaction with the newspaper
CSI2	7.38	2.32	The newspaper compared to expectations
CSI3	7.45	2.23	The newspaper compared to an "ideal" newspaper
engage1	5.84	3.33	I feel like the day is incomplete if I miss reading the paper
engage2	7.11	2.74	I discuss things I've read in the paper in conversations with friends and family
engage3	5.66	3.10	I like to give advice and tips to people I know based on things I've read
engage4	6.59	2.89	I like to talk about national news and current events I read about
engage5	7.10	2.63	In reading the paper, I learn about things to do or places to go
engage6	7.52	2.52	Reading the paper is a good use of my time
engage7	6.67	2.89	Reading the paper makes me smarter
engage8	7.13	2.43	The paper provides articles that are relevant to my life
recom1	7.53	3.09	Likelihood to recommend the paper
primsrc1	6.52	3.07	Likelihood to use the paper as your primary source for news
contsub1	9.17	1.83	Likelihood to continue your subscription to the paper for the next 12 months
strtsub1	3.89	3.35	Likelihood to start a subscription to the paper
useads1	8.00	2.57	Extent to which you take advantage of money saving ads/coupons in the paper



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