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Affect versus Cognition in the Chain from Perceived Quality to Customer Loyalty: The Roles of Product Beliefs and Experience

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Abstract

To support managerial practice and help improve analytical models in retailing, this article extends the literature on processes in the psychological chain of effects from perceived quality to customer loyalty by making three original and fundamental contributions. Based on multilevel structural equation modeling of consumer data from Bolivia, Japan, and the USA, it shows that product beliefs mediate this chain of effects and that cross-over effects connect rational and emotional processes within this chain. Moreover, it elucidates conditions moderating the strength of these emotional and rational processes. Breadth of experience positively moderates the mediating role of product beliefs. Relative price positively moderates the effect of hedonic product beliefs on affective customer satisfaction and negatively moderates the effect of utilitarian product beliefs on cognitive customer satisfaction. Time since purchase positively moderates the role of emotional processes and negatively moderates the role of rational processes. The moderating effects of sensory, affective, and intellectual brand experience support the predictive validity of the research model. Further analyses illuminate how social recognition, customer value co-creation through product usage patterns, and product-service bundling affect product beliefs, as well as how affective and cognitive customer satisfaction influence positive word-of-mouth.

Keywords: Affect; Cognition; Customer loyalty; Perceived quality; Customer satisfaction; Product experience

Introduction

An extensive amount of research has focused on the chain of psychological effects from perceived quality to customer loyalty. Its results have served as a justification for providing high-quality products and services to customers. Since perceived quality positively influences customer loyalty (Fornell 1992; Fornell et al. 1996; Johnson et al. 1997) and customer loyalty drives long-term corporate profitability (Reichheld and Sasser 1990; Zeithaml, Berry, and Parasuraman 1996), marketing scholars and practitioners have come to believe that investments in product quality pay off in the long term even though they are costly and may reduce the need for product replacements. The literature on the chain from perceived quality to customer loyalty established the mediating influence of customer satisfaction (Fornell 1992; Johnson et al. 1997). More recently, it discovered the mediating presence of emotional and rational processes (Lee, Amir, and Ariely 2009; Rust and Zahorik 1995; Wong 2004; Yu and Dean 2001), which we define as relationships among consumer attitudes involving affect and cognition. However, the literature has not yet established how these emotional and rational processes interact, how product usage experience biases these processes via the formation of beliefs, and how experience alters the relative importance of emotional versus rational processes. Responding to these research gaps, we will draw on psychological information processing theories to make three major contributions to the literature.

First, we will suggest that beliefs about product benefits mediate the influence of perceived quality on customer satisfaction. In the past, marketing and retailing scholars have assumed that perceived quality directly influences customer satisfaction. However, psychological theories on the formation and role of causal models in information processing may suggest that evaluative judgments (e.g., customer satisfaction) are prejudiced by stable beliefs (e.g., product beliefs) derived from past

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experience and are only partially influenced by current information (e.g., current quality perceptions) (Einhorn 1980; Gilbert 1991; Tversky and Kahneman 1980). Therefore, a four-stage model (product quality, product beliefs, customer satisfaction, customer loyalty) of the chain from perceived quality to customer loyalty may reflect reality more accurately than the extant three-stage model (without beliefs).

Second, we will deepen extant knowledge of rational and emotional processes in this chain of effects. The marketing literature has largely treated them as separate processes. However, psychological and biological evidence of how rational and emotional processes interact to enhance the speed and coherence of evaluative judgments (Dalgleish 2004; Damasio 2005; Einhorn 1980; Kensinger and Corkin 2003) may suggest the presence of hitherto overlooked cross-over effects (i.e., links) between rational and emotional processes in the chain from perceived quality to customer loyalty.

Third, we will posit that various dimensions of experience moderate both the mediating role of product beliefs and the relative strength of emotional versus rational processes in this chain of effects because experience reflects both the amount and type of information processed. Regarding the amount of information, we will examine the roles of breadth of experience and time since purchase. Breadth of experience refers to the number of different products previously owned and used within a category and thus captures the variety of experiences, whereas time since purchase captures the cumulative experience with the same, single owned product. While studies have analyzed the moderating effect of time since purchase (Falk, Hammerschmidt, and Schepers 2009; Homburg, Koschate, and Hoyer 2006; Johnson, Herrmann, and Huber 2006), we will highlight a yet unidentified contradiction between these studies and propose further mechanisms explaining this effect. Regarding the type of information, we will examine the roles of affective, sensory, and intellectual brand experience (Brakus, Schmitt, and Zarantonello 2009) and the role of relative price, which refers to the price relative to personal disposable income and positions the product within the range of affordable product experiences, thereby expressing the degree of sophistication in the product experience.

Besides extending past research in the marketing literature, these contributions will be of substantial value to retailing practice. A more precise knowledge of the processes connecting perceived quality with customer loyalty would enable retailers to improve their customer relationship management. Specifically, the notion of product beliefs as an additional core element of these processes may offer retailers an additional option for influencing customer judgment and decision-making. That is, retailers may seek to influence not only perceptions of quality attributes but also beliefs about usage benefits arising from quality attributes. Moreover, retailers would profit from new knowledge of the conditions under which product design and marketing communications appeal to customers' rational versus emotional processes. For instance, knowledge of a greater importance of hedonic versus utilitarian benefits for products with a higher relative price in the same product category would enable retailers to adapt product design and marketing communication priorities accordingly. This should help them compete more successfully in specific market segments (Wong 2004; Yu and Dean 2001).

By developing our suggestions within the conceptual frames of psychological information processing theories (Belk 1988; Einhorn 1980; Fishbein and Ajzen 1975; Gilbert 1991; Tversky and Kahneman 1980), we will transfer knowledge from the realm of psychology to the retailing context by elucidating the chain from perceived quality to customer loyalty. We will test our hypotheses with consumer data from Bolivia, Japan, and the USA.

Conceptual Development

Background Knowledge: The Chain from Perceived Quality to Customer Loyalty

The literature on the chain from perceived quality to customer loyalty has its roots in the global quality revolution. Due to the post-war success of Japanese manufacturers, whose business culture has emphasized high quality and customer satisfaction, Western researchers came to analyze the benefits of quality (Juran 1999). They theoretically established that high perceived quality leads to customer loyalty and related long-term financial benefits and that customer satisfaction mediates this relationship, which thus constitutes a three-stage process (perceived quality, customer satisfaction, customer loyalty).

Based on Bettman's (1979) information processing theory of consumer choice and Howard and Sheth's (1969) theory of buyer behavior, all elements of this chain of effects were initially modeled as rational processes (Westbrook 1987). The first wave of research focused on the operationalization of customer satisfaction, its antecedents, and strategies to enhance customer satisfaction (Allen 2004; Bearden and Teel 1983; Churchill and Surprenant 1982; Oliver 1980). While customer satisfaction was found to have other antecedents beyond perceived quality (perceived value, expectations, equity), the effect of perceived quality proved to be dominant, especially for cumulative customer satisfaction (Anderson and Sullivan 1993; Fornell 1992; Tse and Wilton 1988). The next wave of research empirically confirmed the links between customer satisfaction, customer loyalty, and business outcomes such as market share and profitability (Fornell et al. 2006; Johnson et al. 1997; Rust and Zahorik 1995; Zeithaml, Berry, and Parasuraman 1996). At the same time, large-scale national customer barometers (e.g., the American Customer Satisfaction Index [ACSI]) empirically assessed the cross-industry and cross-country validity and variation of the chain from perceived quality to customer loyalty and thus helped generalize the three-stage model (Fornell 1992; Fornell et al. 1996; Johnson et al. 2001). Later research investigated non-linear effects in the three-stage model (Anderson and Mittal 2000; Falk, Hammerschmidt, and Schepers 2009; Mittal and Kamakura 2001; van Doorn and Verhoef 2008). Limited to isolated countries, industries, and customer segments, empirical results for these non-linear models were not yet consistent with each other and did not generally indicate higher explanatory power than results for simpler linear models (Dong et al. 2011; Streukens and Ruyter 2004).