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THE IMPORTANCE OF C CUSTOMER SATISFACTION AND DELIGHT ON LOYALTY IN THE TOURISM AND HOSPITALITY INDUSTRY

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MI RAN KIM

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Ph.D. degree in Community, Agriculture, Recreation, and Resource Studies

Bonnie J. Knutson
Major Professor's Signature

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Doctoral Dissertation

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Cut Along This Line

THE IMPORTANCE OF CUSTOMER SATISFACTION AND DELIGHT ON LOYALTY IN THE TOURISM AND HOSPITALITY INDUSTRY

By

Mi Ran Kim

A DISSERTATION

Submitted to
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ABSTRACT

THE IMPORTANCE OF CUSTOMER SATISFACTION AND DELIGHT ON LOYALTY IN THE TOURISM AND HOSPITALITY INDUSTRY

By

Mi Ran Kim

Customer satisfaction has been a focus of researchers and marketers as an important antecedent of customer loyalty. Research has proven that satisfied customers show loyalty by purchasing more products or services, recommending products to others, and being less price sensitive (Anderson, Fornell, and Mazvancheryls, 2004; Homburg, Koschate, and Hoyer, 2005). Recent studies propose customer delight as a new variable of interest in satisfaction research and are anticipated to possibly produce greater customer loyalty than satisfaction (Hicks, Page, Behe, Dennis, and Fernandez, 2005). Like customer satisfaction, customer loyalty is also considered crucial to the success of a business organization because loyal customers are less expensive to retain than to find and develop new customers (Reichheld and Sasser, 1990). In recent years interest has also grown in understanding the multi-phases of loyalty as a useful way to segment customers with differential strategies (Knox and Walker, 2001; McMullan and Gilmore, 2002; Palmer, McMahon-Beattie, and Beggs, 2000).

The problem of this research is to examine the impact of customer satisfaction and delight on loyalty by empirically testing a model. Furthermore, the study aims to better understand four phases of loyalty development: cognitive, affective, conative, and action loyalties. Data were collected from guests who stayed at a Midwestern resort during a peak summer vacation time using an online and a paper survey (1,573 subjects

from an online survey, 87 subjects from a paper survey). The model was tested applying structural equation modeling (SEM) to estimate the relationship between customer satisfaction, delight, and loyalty in a tourism and hospitality context.

The findings support the proposed model and suggest that (1) customer satisfaction has a direct and positive influence on cognitive and affective loyalty; (2) customer delight has a direct and positive influence on cognitive and affective loyalty; (3) customer satisfaction has a greater influence on cognitive loyalty than on customer delight; (4) customer delight has a greater influence on affective loyalty than on customer satisfaction; (5) cognitive and affective loyalties have a direct and positive influence on conative loyalty; and (6) conative loyalty has a direct and positive influence on action loyalty.

This study is one of few empirical studies on customer satisfaction, delight, and loyalty and tests a more comprehensive model than previous research efforts. This study will contribute to the body of knowledge on customer satisfaction, delight, and loyalty and provide important theoretical and applied suggestions for the tourism and hospitality industry. Future studies should replicate the findings and test the model with different samples such as types of accommodations (e.g., business hotel, bed and breakfast), places (e.g., other states, other countries), and service industries (e.g., restaurant, airline, cruise). With attitudinal research, validating the accuracy of action loyalty or intended future behaviors should be validated with actual measures of future returns to the business and recommendations of the business to others.

DEDICATION

I would like to dedicate this dissertation to my beloved husband, *Ki-Wan Park,*

for his unconditional love and full support,

to my father, *Kwaung-Ok Kim,*

for his sacrificial love and support from heaven,

to my angel daughter, *Yenna Park,*

for being the joy and blessing of my life,

and to God for making all of this possible.

ACKNOWLEDGEMENTS

The long doctoral journey would not have been possible without support of many people. I wish to express to them my sincere gratitude.

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My sincere appreciation is extended to my dissertation committee member and Director of *The* School of Hospitality Business, Dr. Ronald F. Cichy. Without his sincere support, guidance, expertise, and encouragement, I could not have completed my Ph.D. journey successfully. He is *The* Leader to me and I will be *The* Follower. I am also very grateful to the remaining members of my dissertation committee, Dr. Richard D. Paulsen and Dr. Jeffrey A. Beck, for their academic support, expertise, encouragement, and time in producing this work.

I deeply thank Dr. Annette Rummel, president of Great Lakes Bay Regional Convention & Visitors Bureau, Mrs. Judith Zehnder Keller, president of Frankenmuth Bavarian Inn Lodge, Mr. Jim Engel, general manger of Frankenmuth Bavarian Inn Lodge, and the guests of Frankenmuth Bavarian Inn Lodge for supporting me during this study.

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Thank God! You were always with me, helped me, and blessed me. I praise Your name.

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INTRODUCTION

This chapter includes the following sections: (1) Introduction of Constructs: Customer Delight, Satisfaction, and Loyalty; (2) Problem Statement; (3) Purpose of Study; (4) Proposed Research Model and Hypotheses; (5) Delimitations; and (6) Definitions of Terms.

Introduction of Constructs

Customer Satisfaction and Delight

Customer satisfaction has been a dominant benchmark among marketers in measuring their success as a fundamental factor to the well-being of individual customers and to the profits of organizations supported through purchasing and patronization (Oliver, 1997). Much literature demonstrates customer satisfaction is considered the main antecedent of customer loyalty. Research has proven that satisfied customers show loyalty by purchasing more products or services, recommending products to others, and being less price sensitive (Anderson, Fornell, and Mazvancheryls, 2004; Ajzen and Driver, 1991; Chen and Gursoy, 2001; Homburg, Koschate, and Hoyer, 2005; Shoemaker and Lewis, 1999; Yoon and Uysal, 2005).

Previous studies question whether satisfied customers are truly loyal (Johns and Sasser, 1995; Skogland and Siguaw, 2004; Stewart, 1997) and some have also begun to emphasize customer delight, which is beyond satisfaction, and may produce greater loyalty or attractive attitudinal or behavioral states (Hicks, Page, Behe, Dennis, and Fernandez, 2005; Schlossberg, 1990;). Customer delight can be the key to reaching loyalty through offering the "wowing" experience for the customer (Oliver, Rust, and

Varki, 1997; Patterson, 1997; Torres and Kline, 2006) and delight can be an important factor of profitability and competitive advantage, provided that particular service is not easy to imitate, nor costly to implement (Oliver and Rust, 2000).

However, despite the wide acceptance of the customer delight concept, this idea has not been given a clear theoretical foundation, measurement instruments, and identification of antecedents and consequences of customer delight, nor has customer delight been empirically related to customer satisfaction or loyalty.

Customer Loyalty

Like customer satisfaction, customer loyalty is considered crucial to the success of business organizations with the growing realization that it is much less expensive to retain current customers than to find and develop new ones. Reichheld and Sasser (1990) showed that a 5 percent improvement in customer retention can cause an increase in profitability between 25 and 85 percent (in terms of net present value) depending on the industry.

Academic research on customer loyalty has received considerable attention with many studies exploring the linkage between customer loyalty and satisfaction. Some loyalty studies have distinguished between the attitudinal and behavioral dimensions of loyalty with a framework for understanding different phases of loyalty development (Dick and Basu, 1994; Jacoby and Kyner, 1973; Knox and Walker, 2001; Oliver, 1997). According to Jacoby and Kyner (1973), loyalty can be viewed as developing in three phases: first, customers become loyal in a cognitive sense, then second, in an affective sense, and third, in a conative manner. Oliver (1997) suggested a fourth phase, action loyalty, which allows for completion of the loyalty framework.

The development of customer loyalty has become an important marketing strategy for many years due to the benefits associated with retaining existing customers (McMullan and Gilmore, 2002) and understanding the multi-phase processes of loyalty for segmenting customers with differential strategies according to phases (Knox and Walker, 2001; Palmer, McMahon-Beattie, and Beggs, 2000). However, there is little empirical research to adequately explore the relationships between customer satisfaction, delight, and loyalty, along with the four phases of a customer's attitudinal and behavioral states.

This research seeks to contribute to addressing this gap in the context of the tourism and hospitality industry by empirically testing a conceptual framework to understand more fully cognitive, affective, conative, and action loyalties.

Problem Statement

This study is aimed at understanding (1) how customer satisfaction and delight influence loyalty, and (2) the existence of cognitive, affective, conative, and action loyalties. These relationships will be in the context of the tourism and hospitality industry with first time and repeat customers, as well as customers belonging (or not) to a paid loyalty membership program.

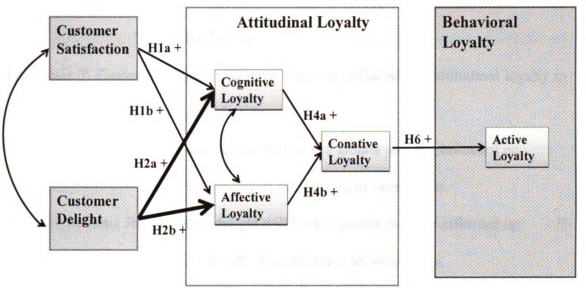
Purpose of Study

This study is one of few empirical studies examining the relationships among customer satisfaction, delight, and loyalty and offering a better understanding of the four loyalty phases. This study also empirically tests a more comprehensive model than previous research efforts. The findings of this study are expected to provide a deeper understanding of customer satisfaction, delight, and loyalty for managers to more

effectively serve customers by better understanding loyalty creation and retention. Additionally, this study is expected to contribute to the development of the body of knowledge of customer satisfaction, delight, and loyalty studies.

Conceptual Model and Hypotheses

Based on these relationships, a model is proposed in Figure 1.



** Darker lines indicate a stronger influence: H3a & H3b

Figure 1. Proposed Research Model

The following hypotheses are proposed:

Hypothesis 1: Customer satisfaction will have a direct positive influence on attitudinal loyalty.

Hypothesis 1a: Customer satisfaction will have a direct positive influence on

cognitive loyalty.

Hypothesis 1b: Customer satisfaction will have a direct positive influence on affective loyalty.

Hypothesis 2: Customer delight will have a direct positive influence on attitudinal loyalty.

Hypothesis 2a: Customer delight will have a direct positive influence on cognitive loyalty.

Hypothesis 2b: Customer delight will have a direct positive influence on affective loyalty.

Hypothesis 3: Customer delight will have a greater influence on attitudinal loyalty in comparison to satisfaction.

Hypothesis 3a: Customer delight will have a greater positive influence on cognitive loyalty in comparison to satisfaction.

Hypothesis 3b: Customer delight will have a greater positive influence on affective loyalty in comparison to satisfaction.

Hypothesis 4: Customer cognitive loyalty will have a direct positive influence on conative loyalty.

Hypotheses 5: Customer affective loyalty will have a direct positive influence on conative loyalty.

Hypothesis 6: Customer conative loyalty will have a direct positive influence on action loyalty.

Delimitations

This study is delimited to the following:

1. All subjects were hotel guests in the Midwest who stayed in the months of July, August, and September 2009.

2. Guests with email addresses were selected, which allowed this study to include guests from the US, Canada, and other countries for an approximate sample size of 3,700 participants.

3. The participants included new guests and repeat guests who stayed at this hotel within the last three years. Both current loyalty club members and non-members were included.

Definition of Terms

The following terms are defined to clarify their use in this study:

Action Loyalty: Loyalty to the action of rebuying the service or product (Dick and Basu, 1994; Oliver, 1997).

Affective Loyalty: Loyalty to the liking of the service or product (Dick and Basu, 1994; Oliver, 1997).

Cognitive Loyalty: Loyalty to information such as price and features (Dick and Basu, 1994; Oliver, 1997).

Conative Loyalty: Loyalty to an intention to repurchase the service or product (Dick and Basu, 1994; Oliver, 1997).

Customer Delight: A higher level of satisfaction that exceeds a customer's expectations as a combination of high pleasure (joy, elation) and high activation (surprise) (Oliver *et al.*, 1997).

Customer Loyalty: 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 behavior (Oliver, 1997).

Customer Satisfaction: The customer's fulfillment response to a product or service feature, or to the product or service itself, which provides a pleasurable level of consumption-related fulfillment, including levels of under- or over-fulfillment (Oliver, 1997).

Delight: A combination of high pleasure (joy, elation) and high activation or surprise as one of the second level emotions (Plutchik, 1980; Russell, 1980; Watson and Tellegen, 1985).

CHAPTER 2

LITERATURE REVIEW

The literature related to this study is reported in this chapter. For organizational purposes, the literature is presented under the following topics: (1) Consumer Behavior; (2) Customer Satisfaction; (3) Customer Delight; (4) Customer Loyalty; and (5) Affect and Cognition.

Consumer Behavior

By the end of the 20th century, the study of consumer behavior became more important than ever as a result of changing market forces such as increased competition, changing consumer lifestyle, the greater influence of the consumer, and a changing business orientation from a manufacturing focus to a marketing focus. Since then, the need to understand consumers and their behavior has been a core topic around the globe (Blackwell, Miniard, and Engel, 2001).

Consumer behavior is an applied science drawing from economics, psychology, sociology, anthropology, statistics, and other disciplines (Hawkins, Mothersbaugh, and Best, 2007; Peter and Olson, 2005). Consumer behavior is the study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society (Hawkins, Mothersbaugh, and Best, 2007). Consumer behavior is also defined as the dynamic interaction of affect and cognition, behavior, and the environment by which human beings conduct the exchange aspects of their lives (Bennett, 1995). Consumer behavior is purposeful and goal oriented; products

and services are selected or rejected according to the extent to which they are perceived as relevant to the needs and the lifestyle of a consumer (Peter and Olson, 2005). According to an overall model of consumer behavior as shown in Figure 2, a consumer builds up self-concepts and subsequent lifestyles based on a mixture of internal (mostly psychological and physical) and external (mostly sociological and demographic) influences. These self-concepts and lifestyles produce needs and desires, many of which require consumption decisions to satisfy. As consumers come across relevant situations, the consumer decision process is activated. This process and the experiences and acquisitions it produces, in turn, influence the consumer's self-concept and lifestyle by affecting their internal and external characteristics (Hawkins *et al.*, 2007).

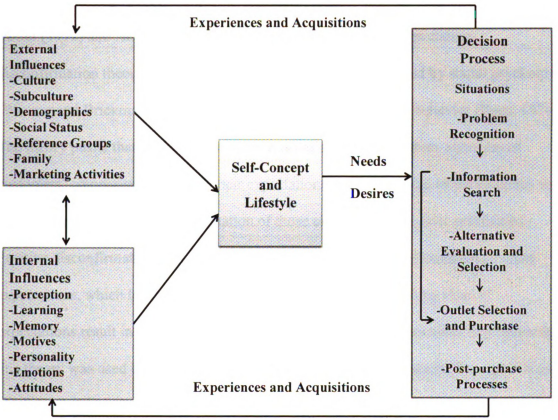


Figure 2. Overall Model of Consumer Behavior (Adopted from Hawkins, Mothersbaugh, and Best, 2007)

Customer Satisfaction

The importance of customer satisfaction as a core concept in marketing has led to numerous studies over the past decades. The literature supports that satisfied customers are willing to buy more products or services, recommend them to others, and are less price sensitive (Homburg *et al.*, 2005). Hence, satisfaction is an essential factor related to a company's future profit by increasing the customer retention rate (Anderson *et al.*, 2004).

Following the pioneering experimental study by Cardozo (1965), customer satisfaction and product quality were emphasized by Olshavsky and Miller (1972) and Anderson (1973). This approach suggested that expectations influence customer satisfaction through perceived quality and disconfirmation. Following Olshavsky and Miller (1972) and Anderson (1973), as shown in Figure 3, the expectation-disconfirmation theory was introduced by Oliver (1981), grounded by social psychology (Weaver and Brickman, 1974), and influenced by organizational behavior (Ilgen, 1971). The theory posits that customer satisfaction is believed to result from a process of customers' comparisons between their expectations and perceptions of performance and that the confirmation or disconfirmation of those expectations predicts satisfaction. Positive disconfirmation occurs when performance perceptions of customers exceed expectations, which leads to satisfaction, whereas perceptions falling short of expectations result in negative disconfirmation, which induces dissatisfaction. Since then, this theory was used by researchers and industries with strong support (Tse and Wilton, 1988; Yi, 1990).

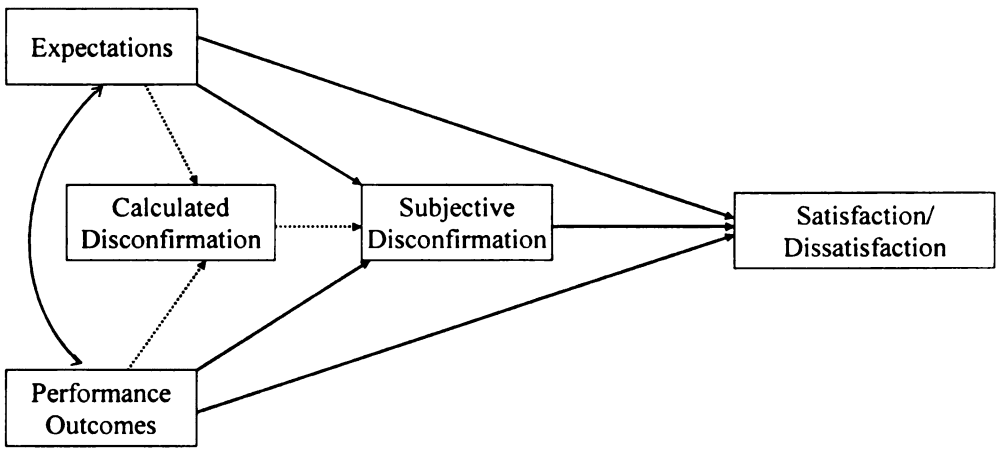


Figure 3. The Expectation-Disconfirmation Theory (Adopted from Oliver, 1997)

According to Churchill and Surprenant (1982), both expectations and perceptions have been found to influence customer satisfaction and subjective disconfirmation under various circumstances, and customer satisfaction is determined by the levels of prior expectations, the levels of perceived performance, and the degree and direction of disconfirmation. Many studies have tested the expectancy-disconfirmation theory, resulting in different views about comparison standards for expectations and interrelationships among the key variables (Anderson, 1973; Boulding, Kalra, Staelin, and Zeithaml, 1993; Cardozo, 1965; Churchill and Surprenant, 1982; Oliver, 1980; Oliver and Swan, 1989; Olshavsky and Miller, 1972; Tse and Wilton, 1988; Yi, 1990).

Earlier studies focused on repurchase expectations as antecedents of satisfaction. Specifically, Anderson and Sullivan (1993) emphasized the perceived quality at the post-

consumption stage based on utility-oriented framework. This approach considers perceived quality as the utility resulting from consumption. Contrary to previous studies, Anderson and Sullivan (1993) denied a direct effect of expectations on satisfaction. Instead, they argued that expectations influence satisfaction through perceived quality and disconfirmation. Overall, their model puts an emphasis on the role of perceived quality in customer satisfaction. Since then, perceived quality and/or value have been proposed as antecedents of satisfaction; satisfaction, then, mediates between quality and/or value and behavioral intention (Cronin, Brady, and Hult, 2000; Fornell, Johnson, Anderson, Cha, and Bryant, 1996; Patterson, 2004).

Despite extensive research in customer satisfaction, researchers have yet to develop a consensual definition of customer satisfaction. Howard and Sheth (1969) defined satisfaction as "the buyer's cognitive state of being adequately or inadequately rewarded for the sacrifice he has undergone" (p. 145), and Hunt (1977) offered "satisfaction is not an emotion, it is the evaluation of an emotion, and as such, it becomes a quasi-cognitive construct" (p. 459). Tse and Wilton (1988) classified satisfaction as "the customer's response to the evaluation of the perceived discrepancy between prior expectations or some other norm of performance and the actual performance of the product as perceived after its consumption" (p. 204). In contrast, Locke (1976) summarized the volumes of research on job satisfaction to define satisfaction as "a pleasurable or positive emotional state resulting from the appraisal of one's job." Westbrook and Reilly (1983) described satisfaction as "an emotional response to the experiences provided by, or associated with, particular products or services purchased, as

well as the overall market place" (p. 256). Oliver (1997) defined satisfaction as the customer's fulfillment response.

Based on Oliver's (1980) disconfirmation theory, satisfaction was primarily understood as a cognitive state resulting from cognitive evaluations between expectations and perceived performance which leads to satisfaction (Bigné, Andreu, and Gnoth, 2003; Oliver and Swan, 1989). However, Oliver (1997) argued that both cognitive and emotional antecedents must be modeled simultaneously in satisfaction modeling because satisfaction is a hybrid of cognitions and emotions. Furthermore, Oliver (1997) also demonstrated that positive emotions and negative emotions influence independently on a customer's satisfaction evaluation. Woodruff, Cadotte, and Jenkins (1983) supported that satisfaction should be defined as the link between cognitive and emotional processes because customer satisfaction is an emotional feeling in response to cognitive evaluation through confirmation/disconfirmation. Moreover, several other researchers suggested that both cognitive and affective aspects of a product and service stimulus predict satisfaction (Bigné *et al.*, 2003; Mano and Oliver, 1993; Westbrook and Oliver, 1991; Wirtz, Mattila, and Tan, 2000). Therefore, the need to understand satisfaction by incorporating both cognitive and affective perspectives has been emphasized (Bigné *et al.*, 2003; Oliver *et al.*, 1997; Phillips and Baumgartner, 2002; Wirtz and Bateson, 1999; Wirtz *et al.*, 2000).

In the tourism and hospitality industry, managers are trying to find ways to increase customer satisfaction under the challenging environment of the expanding sophistication of customers' demands and market competition. Customer satisfaction is also one of the most frequently examined topics by researchers. They have applied satisfaction-related theories and methods in this area (Almanza, Jaffe, and Lin, 1994;

Barsky, 1992; Barsky and Labagh, 1992; Bigné *et al.*, 2003; Danaher and Arweiler, 1996; Getty and Thompson, 1995; Knutson, Stevens, Wullaert, Patton, and Yokoyama, 1991; Oh and Jeong, 1996; Ryan and Cliff, 1997; Wirtz *et al.*, 2000). Most lodging customer studies have focused on measuring the level of customer satisfaction with individual service attributes and customers' wants and needs from the attribute (Cadotte and Turgeon, 1988; Knutson, 1988; Lewis, 1983; Lewis and Pizam, 1981; Nightingale, 1985; Saleh and Ryan, 1991). Empirical evidence exists showing that tourists' satisfaction is a strong indicator of their intentions to revisit and recommend the destination to other people (Beeho and Prentice, 1997; Bramwell, 1998; Juaneda, 1996; Kozak, 2001; Kozak and Rimmington, 2000; Ross, 1993; Yau and Chan, 1990; Yoon and Uysal, 2005).

According to Yoon and Uysal (2005), satisfied tourists are more likely to return to the same destination and are more willing to share their positive travel experience with their friends and relatives. Word-of-mouth (WOM) recommendations are especially critical in tourism marketing because they are considered to be the most reliable, and thus are one of the most sought-after information, sources for potential tourists (Yoon and Uysal, 2005). In particular, in the tourism and hospitality industry, customers have more opportunities to interact with a product and service provider during the consumption experience. Therefore, understanding customers' emotional needs becomes an important aspect of understanding their satisfaction (Bigné *et al.*, 2003).

Customer Delight

Customer satisfaction has been regarded as an important antecedent of loyalty for many years, but recently, this idea has been challenged as research shows customer satisfaction does not necessarily result in repurchase or loyalty (Johns and Sasser, 1995;

Stewart, 1997). Instead, researchers have begun to emphasize the importance of delighting customers, which is more likely to indicate loyalty than satisfied customers (Oliver *et al.*, 1997; Paul, 2000). Delighting a customer can be considered a critical competitive advantage (Hicks *et al.*, 2005; Oliver *et al.*, 1997; Williams and Anderson, 1999) because customer delight drives customer loyalty by retaining customers and creating positive WOM (Johns and Sasser, 1995; Keiningham and Vavra, 2001; Maister, 1993; Oliver *et al.*, 1997; Paul, 2000). Oliver *et al.*(1997) and Torres and Kline (2006) suggested that the true way to increase loyalty, loyalty-driven profit, and improve retention is not to satisfy customers, but to delight them by offering exceptional personalized services while creating a customer preference towards a company.

Delight produces emotional bonds between customers and a company, product, or service by "wowing" them, which may provide additional psychological benefits to the customers (Berry, 1995; Hirschman and Holbrook, 1982; Oliver *et al.,* 1997). Customer delight is defined as a higher level of satisfaction achieved by exceeding a customer's expectations (Oliver *et al.*, 1997) and is also considered to be one of the second level emotions (Arnold, Goldston, Walsh, Reboussin, Daniel, Hickman, and Wood, 2005; Finn, 2005; Oliver *et al.*, 1997; Russell, 1980; Watson and Tellegen, 1985). Emotions, in general, consist of two dimensions: pleasure and arousal (Mano and Oliver, 1993; Mattila and Wirtz, 2000; Russell and Pratt, 1980; Wirtz and Bateson, 1999). Pleasure refers to the degree to which a person feels good, joyful, or happy in a situation, which arousal refers to the extent to which a person feels stimulated and active (Bigné *et al.*, 2003). Mano and Oliver's (1993) study showed a result of eight affects including high and low non-specific activation and high, moderate, and low levels each of the positive and

negative affect. The most closely related affects are moderate arousal positive affect (e.g. pleasure), high arousal positive affect (e.g. delight), and high non-specific arousal (e.g. surprise).

Thus, delight is a combination of high pleasure (joy, elation) and high activation (surprise) (Arnold *et al.*, 2005; Finn, 2005; Oliver *et al.*, 1997; Plutchik, 1980; Russell, 1980; Watson and Tellegen, 1985). Further, delight involves a stronger emotion and a different physiological state than satisfaction and the occurring of delight is directly related to positive affect during the consumer's consumption experiences (Hicks *et al.*, 2005). Oliver *et al.* (1997) suggested that the experience of delight during the consumption process may cause the customer to want and try for reoccurrences of this affective state. Therefore, if delight is achieved, the customer will be more likely to repurchase the product. Oliver *et al.* (1997) also argued that delight occurs when the result is unanticipated and when high levels of performance initiate arousal, which leads to pleasure, and ultimately delight. Delight is considered an ephemeral emotion.

Some studies posit that delight is not necessarily a combination of joy and surprise. Instead, delight is described as a sense of relatedness between the customer and the company that evokes feelings of joy (Kumar, Olshavsky, and King, 2001). Based on this concept, customer delight and satisfaction are separate concepts although they are correlated (Hicks *et al.*, 2005; Oliver *et al.*, 1997; Rust and Oliver, 1994; Westbrook and Oliver, 1991). As shown in Figure 4, there are four different types of post purchase response to a product or service: outrage/pain, dissatisfaction, satisfaction, and delight.

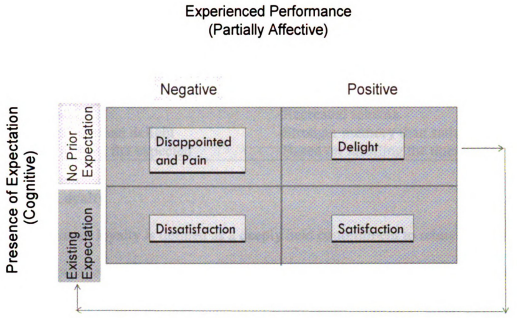


Figure 4. A Model of Dissatisfaction, Outrage, Satisfaction, and Delight (Adopted from Berman, 2005)

In this model, the major difference between satisfaction and delight is the element of surprise, whereas there is a positive expected level of performance both in satisfaction and delight (Berman, 2005). There are important differences between satisfaction and delight as shown in Table 1. Satisfaction is more cognitive and based on perceptions, while delight is more affective and emotional triggering feelings such as arousal, joy, and pleasure. Satisfaction is also schema-based and results from a comparison between expectation and performance, while delight is from a recreated schema, which needs out-of-the-ordinary performance. Additionally, satisfaction has a weaker memory than delight and it is based on fulfilling the expected, while delight is based on fulfilling the

unexpected (Berman, 2005). Delight is also more likely to occur in situations where customers are highly involved (Oliver *et al.*, 1997).

Table 1. Differences between Satisfaction and Delight (Adapted from Berman, 2005)

Satisfaction	***Delight***
-More cognitive	-More affective
-Schema based	-Recreated schema
-Weaker memory than delight	-Stronger memory than satisfaction
-Based on fulfilling the expected	-Based on fulfilling the unexpected

Customer Loyalty

Customer loyalty is defined as 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 behavior (Oliver, 1997). Loyalty is desirable since it is much less expensive to retain current customers than to find and develop new ones (Reichheld and Sasser, 1990). Furthermore, loyal customers are more likely to act as free word-of-mouth (WOM) advertising agents that informally bring networks of friends, relatives, and other potential customers to products and services (Shoemaker and Lewis, 1999).

Although loyalty has been researched in many different ways, loyalty has been defined in two main approaches: behavioral loyalty and attitudinal loyalty (Dekimpe, Steenkamp, Mellens, and Vanden, 1997; Dick and Basu, 1994; Yi and La, 2004). In the early loyalty studies, researchers mostly focused on the behavioral approach (Oliver, 1997). From the behavioral perspective, customer loyalty is defined as the non-random purchase over time of one brand from a set of brands by a consumer using an evaluation process (Jacoby and Kyner, 1973; Newman and Werbal, 1973). Loyalty is also defined as repeat purchase or patronage (Neal, 1999; Oliver, 1997) and as the proportion of times a

purchaser chooses the same product or service in a specific category compared to the total number of purchases made by the purchaser in that category (Neal, 1999). In measuring loyalty with a behavioral approach, a repurchase probability is used, which is a long-term choice probability for a brand (Carpenter and Lehmann, 1985; Colombo, Morrison, and Green, 1989; Dekimpe *et al.*, 1997). Tellis (1988) measured loyalty as repeat purchase frequency or relative volume of same brand purchasing. Furthermore, Jacoby and Chestnut (1978) distinguished four kinds of loyalty: true focal brand loyalty to the particular brand of interest, true multibrand loyalty which includes the focal brand, nonloyal repeat purchasing of the focal brand, and happenstance purchasing of the focal brand by a loyal or nonloyal buyer of another brand. Based on Jacoby and Chestnut's (1978) loyalty classification, Iwasaki and Havitz (1998) suggested three additional components of behavioral loyalty: duration, frequency of purchases, and intensity. Specifically, duration is the amount of time spent as a purchaser. Frequency is the number of purchases over a certain period of time. Intensity is the number of hours one devotes to using, participating in, or purchasing a product or service within a certain period of time.

The criticism with the behavioral loyalty approach is that a repeat purchase is not always the result of a psychological commitment to the brand, the intention may not lead to action, and repeated buying behavior may not always reflect intentions (Yang and Peterson, 2004). Additionally, there is no differentiation between customers who made purchasing decisions with true brand preferences and those who purchased for convenience or cost (Back, 2001). Day (1969) argued that measuring only the behavioral

aspects of loyalty can result in overestimating true loyalty, the commitment to a product or service for as repurchasing behavior.

On the other hand, a number of researchers conceptualized loyalty based on an attitudinal aspect begun by Guest (1944). According to this approach, loyalty was considered a function of psychological processes (Jacoby and Chestnut, 1978), brand preference, intentions, emotional commitment, strength of affection for a brand (Cronin and Taylor, 1992; Iwasaki and Havitz, 1998), intention of word-of-mouth (WOM) (Boulding *et al.*, 1993), or willingness to pay a premium price (Zeithaml, Berry, and Parasuraman, 1996). Therefore, loyal customers tend to show special preference, attachment, commitment, positive WOM, low switching to alternative brands, and willingness to pay a premium price so that they contribute to higher profits (Yi and La, 2004). The criticism with the attitudinal loyalty concept lies in the lack of power in predicting actual purchase behavior. Measuring attitudinal loyalty itself can not explain the entirety of loyalty, and attitudinal loyalty should be combined with behavioral loyalty to clarify true loyalty (Iwasaki and Havitz, 1998). Additionally, using both attitudinal and behavioral aspects of loyalty provides a more influential explanation of loyalty (Assael, 1998).

Based on a review of attitudinal and behavioral loyalty approaches, Jacoby and Chestnut (1978) viewed loyalty as a combination of attitudinal and behavioral aspects by proposing that brand loyalty is repeat purchase behavior based on belief acquisition, affect formation, and behavioral intention. Oliver (1999) and Zeithaml (2000) used both attitudinal and behavioral measures to define and assess these variables. They suggested that loyalty must consider both the behavioral and attitudinal perspectives. The use of

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both attitudinal and behavioral loyalty increases the predictive power of loyalty (Hunter, 1998; Pritchard and Howard, 1997). These two dimensions of loyalty approaches have been applied and supported to understand customer loyalty better in many different fields (Day, 1969; Jacoby and Kyner, 1973; Oliver, 1999; Pritchard and Howard, 1997; Yi and La, 2004). Along with Jacoby and Chestnut (1978), Dick and Basu (1994) suggested that loyalty requires consistency across the cognitive, affective, and conative dimensions of the consumer's focal brand orientation.

Following Dick and Basu (1994), Oliver (1997, 1999) suggested the cognition-affect-conation sequence of the loyalty-development process beginning from some cognitive loyalty, followed by affective loyalty, to conative loyalty, and finally action loyalty. He also described that loyalty formation is more likely to be an attitudinal development process and customers may demonstrate different levels of loyalty in different stages of this process. Table 2 presents the four phases of loyalty and their corresponding antecedents, sustainers, and vulnerabilities as proposed by Dick and Basu (1994) and Oliver (1997).

According to Oliver's (1997) loyalty dimensionality, the first phase, cognitive loyalty, is based on merely functional characteristics such as costs and benefits and is focused on the product or service's performance. It is the weakest state of loyalty since this type of commitment is actually to costs and benefits and not to the brand itself (Oliver, 1997). Therefore, consumers are likely to switch when they perceive alternative offerings as being superior with respect to the cost-benefit ratio (Kalyanaram and Little, 1994; Sivakumar and Raj, 1997).

Table 2. Four-Stage Loyalty Model (Adapted from Oliver, 1997)

Stage	Identifying Maker	Antecedents	Sustainers	Vulnerabilities
Cognitive	Loyalty to information such as price, features	Accessibility Confidence Centrality Clarity	Cost Benefits Quality	Cost Benefits Quality
Affective	Loyalty to liking: "I buy it because I like it."	Emotions Moods Primary affect Satisfaction	Satisfaction Involvement Liking, Preference Cognitive consistency	Dissatisfaction Persuasion Trial
Conative	Loyalty to an intention: "I'm committed to buying it."	Switching costs Sunk costs	Commitment Cognitive consistency	Persuasion Trial
Action	Loyalty to action inertia, the overcoming of obstacles.	Inertia Sunk costs	Inertia Sunk costs	Persuasion Trial

The second phase is affective loyalty, which is a favorable attitude toward a specific brand or product. This loyalty is an enhanced liking for competitive brands, which is conveyed through imagery and association used in competitive communications (Oliver, 1999). Affective loyalty involves both the liking of the product or service and experiencing satisfaction with the brand. Attitude is shown as a function of cognition (expectancy disconfirmation) plus prior attitude, and plus satisfaction in later periods (Oliver, 1999).

The third phase of loyalty development is conative loyalty which is behavioral intention to repurchase and involves a deep brand-specific commitment (Harris and Goode, 2004). Conative loyalty is stronger than affective loyalty but has vulnerabilities as well (Evanschitzky and Wunderlich, 2006). Consumers are more likely to try alternative offerings if they experience frequent service failure. Furthermore, although the consumer is conatively loyal, he or she may consider alternative offerings (Oliver, 1999).

The last phase of loyalty is action loyalty, which is transformed into action (Kuhl, 1985) and includes habit and routinized response behavior. Action loyalty is a commitment to the action of repurchasing. In this stage, intention is transformed into action. Persuasion and trial can be tried by competitors but competitive offerings by competitors are not considered as alternatives. This action control leads to a state of readiness to act and to a desire to overcome obstacles to achieve the action (Oliver, 1999).

Many researchers have applied Oliver's four-dimensional loyalty conceptualization in developing loyalty dimensionality (Back, 2005; Back and Parks, 2003; Evanschitzky and Wunderlich, 2006; Harris and Goode, 2004; McMullan and Gilmore, 2003; Oliver, 1999). For instance, Harris and Goode (2004) supported this conceptualization by conducting an empirical test with two online service scenarios and McMullan and Gilmore (2003) developed a 28-item scale to measure the four phases of loyalty with an empirical test in the restaurant context. Back (2005) and Evanschitzky and Wunderlich (2006) also confirmed Oliver's (1999) conceptualization from their empirical testing in the hotel and retail environment.

Some researchers suggested a different loyalty development sequence based on Oliver's loyalty development framework (Back, 2001; Jones and Taylor, 2007; Li and Petrick, 2008; Rundle-Thiele, 2005). For example, following Breckler (1984), Beck (2001) and Li and Petrick (2008) suggested that cognitive, affective, and conative loyalty are not sequentially linked but all three aspects are independent factors of attitudinal loyalty, which lead to action loyalty according to the tripartite model. Jones and Taylor (2007) suggested a two-dimensional loyalty construct by combining attitudinal and cognitive loyalty as one dimension and behavioral loyalty as the other dimension. Overall,

recent studies on loyalty have been broadening the concept, but there is still no consensus on a loyalty development construct.

In tourist behavior research, return visitation has been used to assess tourists' destination loyalty (Chen and Gursoy, 2001). Repeat visitation is a necessary component of destination loyalty, as it generally tends to occur with brand loyalty. Destination loyalty might also generate a lower sensitivity to prices offered by rival destinations (Krishnamurthi and Papatla, 2003). Destination loyalty is defined by Chen and Gursoy (2001) as the level of tourists' perceptions of a destination as a recommendable place. However, return visitation may not truly represent loyalty and a non-repeat visit behavior may not represent lack of loyalty to a destination. For example, those who do not return to a previously visited destination may remain loyal to that destination but simply want to seek different travel experiences at new destinations.

Affect and Cognition

Cognition refers to people's thoughts about an attitude object and encompasses the content of one's thoughts regarding beliefs in the statement of fact. Affect refers to the specific quality of goodness or badness experienced as a feeling state and demarcates positive or negative quality of a stimulus (Solvic, Finucane, Peters, and MacGregor, 2004; Zajonc, 1980). As shown in Table 3, there are four different kinds of affective responses: emotions, specific feelings, moods, and evaluations (Peter and Olson, 2005). Each type of affect involves positive or negative reactions. The four different kinds of affect have different levels of physiological arousal and the intensity of feeling (Kroeber-Riel, 1979).

Table 3. Types of Affective Responses (Adopted from Peter and Olson, 2005)

Type of Affective Responses	Level or Physiological Arousal	Intensity or Strength of Feeling	Examples of Positive and Negative Affect
	Higher arousal	Stronger	-Joy, love
Emotions			-Fear, guilt, anger
	↕	↕	-Warmth, satisfaction
Specific feelings			-Disgust, sadness
			-Alert, relaxed, calm
Moods			-Blue, bored
			-Like, good, favorable
Evaluations	Lower arousal	Weaker	-Dislike, bad, unfavorable

There has been a long-standing theoretical issue in understanding the cognitive and affective sequence and the interplay between cognition and affection is still unresolved (Chebat and Michon, 2003; Lazarus, 1991; Solvic, 2000; Zajonc, 1980; Zajonc and Markus, 1985). Lazarus (1982, 1984) posited that affect is connected to a cognitive appraisal mechanism and affect needs cognition as a necessary precondition because cognition is a prior element of affect. "Probably all mammals meet the minimal cognitive requirements of emotion if one permits the concept of appraisal to include the type of process described by ethnologists in which a fairly rigid, built-in response to stimulus arrays differentiates danger from no-danger. An evaluative perception, hence, appraisal, can operate at all levels of complexity, from the most primitive and inborn to the most symbolic and experience-based." (Lazarus, 1982, p. 1023).

In accordance with Lazarus' (1982) statement, other theories of satisfaction and loyalty based on the cognitive-affective sequence have been proposed (Bigné *et al.*, 2003; Fishbein and Ajzen, 1975; Oliver, 1997; Perez-Caro and Sanchez-García, 2006). For instance, Fishbein and Ajzen (1975) depicted that consumers form beliefs, formulate likes and dislikes, and decide whether they wish to buy a product. Oliver (1997)

emphasized the importance of studying the cognitive-affective sequence as a cognitive appraisal and then creating emotions or affect in behavior formation.

Zajonc (1980, 2000) emphasized the importance of affect in decision making as a different approach to the cognitive and affective sequence. Affective reactions to stimuli are often the very first reactions, occurring quickly and automatically and then leading information processing and judgments about objects, activities, and other stimuli with a direct and primary role in motivating behavior (Solvic, Finucane, Peters, and MacGregor, 2002; Zajonc, 1980, 2000). Further, Epstein (1994) argued that affect plays a central role in what have come to be known as "dual-process theories" of thinking, knowing and information processing. According to Epstein (1994), there are two basic modes of thinking: experiential and rational. One of the main characteristics of the experiential system is its affective basis. Although analysis is certainly important in some decision-making circumstances, reliance on affect and emotion is a quicker, easier, and more efficient way to navigate in a complex and uncertain world (Epstein, 1994; Slovic *et al.*, 2002). Some researchers support that affect is a direct and primary role in behavior (LeDoux, 1996; Solvic, 1980; Slovic *et al.*, 2002; Zajonc, 1980) and affective evaluation can take place without conscious stimulus recognition (Kunst-Wilson and Zajonc, 1980). Therefore, affect does not always need cognition but affect guides judgments and decisions (Damasio, 1994; Lerner and Keltner, 2001; Loewenstin, Weber, Hsee, and Welch, 2001; Zajonc, 1980; Zajonc and Markus, 1985) and representations of objects and events in people's minds are tagged to varying degrees with affect. In the process of making a judgment or decision, people consult or refer to an affect pool containing all the

positive and negative tags associated with the representations consciously or unconsciously (Tversky and Kahneman, 1974).

Zajonc (1980) argued that affect and cognition are separate and partially independent systems and affect could be generated without a prior cognitive process, although affect and cognition usually function conjointly. The neurophysiological evidence (Armony, Servan-Schreiber, Cohen, and LeDoux, 1996; LeDoux, 1996) suggests that affective processes and cognitive processes influence one another; affect and cognition cannot be easily separated as pure affect or pure cognition. Peter and Olson (2005) and Piaget (1981) described how affect and cognition are highly interdependent involving different parts of the brain like affection and cognition are linked as two sides of the same coin. Figure 5 shows how affect and cognition are related. Each system reacts differently to aspects of environment and responds to the output of the other system (Peter and Olson, 2005).

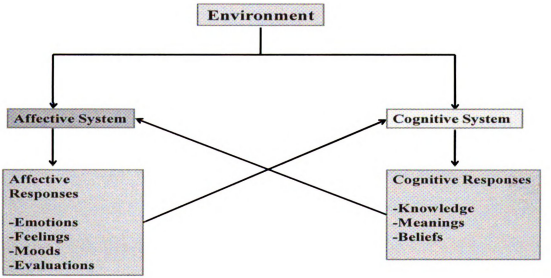

Figure 5. The Relationship between Affect and Cognition (Adopted from Peter and Olson, 2005)

Given this relationship, in consumer behavior, understanding both affect and cognition are important in developing marketing strategies for areas such as product design, advertisement, and store layout (Peter and Olson, 2005). For example, as a primary objective of marketing strategies, customer satisfaction consists of both affect and cognition (Oliver, 1997) and brand image also includes affect (e.g., feelings and emotions about the brand) and cognition (e.g., knowledge and beliefs about brand attributes) (Dichter, 1985; Dobni and Zinkhan, 1990). Further, many studies have explored the linkage between customer loyalty and satisfaction; most existing models of customer loyalty are cognitively based and there is little research on the psychology behind the development of customer loyalty (Mattila, 2001).

CHAPTER 3

RESEARCH DESIGN AND METHODOLOGY

This chapter discusses the research methodology that was used to answer the proposed research hypotheses. This chapter is divided into three sections: (1) research design including rational for research method, sampling, pilot study, and data collection procedures; (2) survey measurement; and (3) data analysis.

Research Design

Rationale for Research Method

The main purpose of this study is to understand (1) how customer satisfaction and delight influence loyalty, and (2) the relationships between cognitive, affective, conative, and action loyalties. The survey research method is considered most appropriate over other types of research methods in answering these research questions. Quantitative methodology gives a broad, generalizable set of findings for this study by obtaining responses from many people; a survey is good at examining relationships between factors (Trochim, 2001). A popular resort in the Midwest was selected as it is located in one of the most well-known tourist destinations in the state. As an independent hotel with 360 themed guestrooms, five indoor pools and three whirlpools, a miniature golf course, a large family fun center with over 100 video/arcade games, and several guest banquet and convention spaces, this resort has a long standing club membership program.

Table 4 presents a profile summary of the population provided by the resort from 2003 to 2009. The population consisted of overnight hotel guests from a Midwestern resort. Based on this profile of the population, a sample was selected to test the proposed model.

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Table 4. The Guest Profile of a Midwestern resort

Data variable from 2003 to February 2009	Number of mailable guests	% of mailable guests	Number of E-mailable guests	% of E-mailable guests
Total number of guests	130,370	100%	48,621	100%
First-time guests	102,959	73%	34,521	71%
Repeat guests	27,411	27%	14,100	29%

Sampling

The guests who stayed at the resort during the summer of 2009 in the months of July, August, and September were the sample for this study. Table 5 shows the number of guests who stayed at this resort, the number of e-mailed surveys, and the number of mailed surveys in the months of July, August, and September 2009. The total sample size was 3,709 (E-mailed surveys: 3,459 and mailed surveys: 250).

Table 5. Sampling Frame

	Total number of guests stayed	Number of mailed surveys	Number of E-mailed surveys	Total number of surveys distributed
July 2009	2,199	100	1,227	1,327
August 2009	2,750	125	1,537	1,662
September 2009	442	25	695	720
Total	5,391	250	3,459	3,709

Subjects were household travel parties of first-time guests and repeat guests who stayed at this hotel one or more times within the last three years. Both current loyalty club members and non-loyalty club members were included. Business travelers and groups for events (e.g., weddings, reunions, meetings) were excluded in this study because some of them might not be directly involved in the decision making of the choice of hotel or in making the reservation. Instead their stay at this hotel might have been pre-arranged by others.

Pilot Study

A pilot study (n=32) was conducted in June 2009 with faculty, administrators, and graduate students at Michigan State University prior to the main survey to develop and test a questionnaire instrument for this study. After this pilot study, the questionnaire instrument was revised to facilitate easier reading and clearer wording. Reliability (Cronbach's alpha) for each measurement construct was also examined to clarify scale items. The scales for "Customer satisfaction", "Customer delight", "Cognitive loyalty", "Affective loyalty", "Conative loyalty", and "Action loyalty" demonstrated acceptable reliability ranging from $\alpha = .71$ to $\alpha = .96$ (Nunnally and Bernstein, 1994).

Data Collection

Prior to data collection, a description of this study and the data collection instruments were reviewed and approved by the Institutional Review Board (IRB) of Michigan State University in May 2009. From July to September 2009, survey data were collected through two different approaches: online surveys and paper surveys.

The Online Survey

The primary data collection was conducted via a self-administered online survey using a web-based survey tool, *Qualtrics*, on a weekly basis. As Internet usage continues to grow rapidly, online surveys offer several methodological and financial advantages over the traditional paper survey (Couper, 2000). Advantages of online surveys include faster response rate, ease in sending reminders to participants, easier processing of data, and less cost (Hewson, Yule, Laurent, and Vogel, 2003).

Each week, upon completing their stay at this hotel, the survey questionnaire was emailed to them with an invitation letter from the general manager of the resort and a

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university professor. The first e-mail reminder was sent to those who had not yet responded two weeks after the first survey questionnaire, and a second e-mail reminded those who had not yet responded one week after the first reminder. The questionnaire required approximately 15 to 20 minutes to complete. As shown in Table 6, a total of 3,459 surveys were sent via *Qualtrics* and the survey response rate was 50% (n=1,743).

The Paper Survey

A self-administered paper survey was also employed by mail in order to test for biases that an online survey might cause and to ensure an appropriate sample size for statistical power (i.e., the ability to detect and reject a poor model) in the SEM analysis (Chin, 1998). Respondents were chosen based on a systematic random sampling method. The main advantage of using systematic sampling over simple random sampling is the assurance that the population will be evenly sampled over the population and simplicity (Trochim, 2001).

The next week, after completing their stay at this hotel, a survey package was mailed to them with an invitation letter by the general manager of the resort and a university professor, a survey questionnaire, and a pre-paid return envelope. The first mail reminder by a post-card was sent to those who had not yet responded two weeks after the survey questionnaire, and a second mailing with a survey package, including an invitation letter by the general manager of the resort and a university professor, a survey questionnaire, and a pre-paid return envelope, reminded those who had not yet responded one week after the first reminder. A total of 250 surveys were mailed and the survey response rate was 38% (n=94).

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Before combining the two sets of data, demographic characteristics of participants in these two data sets were compared. As shown in Appendix A, the average age of on-line survey respondents was 48 years while that of paper survey respondents was 53 years. There were no significant differences between the two sets of data with the demographic characteristics such as gender, ethnicity, income, and number of people in the household. The on-line survey respondents had more full- time employment and the paper survey respondents had more Michigan residency.

Prior to analyzing the data after the two sets of data were combined, 177 data (170 from the online survey and 7 from the paper survey) were dropped because they were found to be inappropriate for the analysis (e.g., incomplete data or guests whose primary purpose of the stay were business or a group/bus tour). A total of 1,660 final data (number of online surveys=1,573, number of paper surveys=87) were utilized for the analysis.

Table 6. Data Collection

	Online survey	Paper survey	Total
Number of surveys distributed	3,459	250	3,709
Number of surveys collected	1,743	94	1,837
Response rate	50%	38%	50%
Number of surveys dropped [a] from data analysis	170	7	177
Number of surveys used for data analysis	1,573	87	1,660
Response rate	46%	35%	45%

Note: [a] The incomplete data and guests whose primary purposes of their stay were business or a group/bus tour were dropped.

The Questionnaire

The questionnaire instrument consisted of six sections. The first section was designed to understand guests' recent stays at the resort and destination. The second section measured guests' planning, decision making, and hotel choice. The third section asked about guests' experiences during their recent stays at the resort. The fourth section asked about guests' satisfaction with their recent stay at the resort. The fifth section asked about guests' past experience with the resort, destination, and other hotels. The last section asked for socio-demographic information.

Survey Measurement

The survey items for each construct were developed on the basis of previous studies.

Customer Satisfaction

As shown in Table 7, customer satisfaction was measured with four items (Finn, 2005; Spreng, MacKenzie, and Olshavky, 1996). The response was given on a seven-point Likert scale from 1 = *strongly disagree* to 7 = *strongly agree* with the following questions: "Overall, this hotel was comfortable," "Overall, this hotel was pleasing," "Overall, this hotel was satisfying," and "Overall, this hotel was contenting."

Customer Delight

Three items were previously used by Finn (2005) to measure customer delight and five items were newly-developed based on the literature review. The response was given on a seven-point Likert scale from 1 = *strongly disagree* to 7 = *strongly agree* with the following questions: "I felt delighted at some time during my stay at this hotel," "I felt positively surprised at some time during my stay at this hotel," "I felt overjoyed at some

time during my stay at this hotel," "I felt gleeful at some time during my stay at this hotel," "I felt elated at some time during my stay at this hotel," "I felt grateful at some time during my stay at this hotel," "I felt pleased at some time during my stay at this hotel," and "The hotel had experiences/services which were unexpected and they delighted me."

Cognitive Loyalty

The measurement items for cognitive loyalty were developed from Li and Petrick (2008) and McMullan and Gilmore (2003) and presented five items on a seven-point Likert scale from 1 = *strongly disagree* to 7 = *strongly agree*. Items included "I believe this hotel provides more benefits than other hotels of its type," "I made the right choice of hotel with this hotel," "The hotel's facilities are visually more appealing compared to other hotels of its type," "This hotel has better value for my money compared to other hotel's prices of its type," and "This hotel provides me superior service quality compared to other hotels of its type."

Affective Loyalty

Four of the measurement items for affective loyalty were developed from Li and Petrick (2008) and McMullan and Gilmore (2003). One item was newly-developed on a seven-point Likert scale from 1 = *strongly disagree* to 7 = *strongly agree*. Items included "I feel happy when I stay at this hotel," "I feel grateful to this hotel," "I like this hotel more than other hotels of its type," "I love staying at this hotel," and "Staying in this hotel says a lot about who I am."

Conative Loyalty

Six indicators were used to measure conative loyalty from the previous research (Li and Petrick, 2008; McMullan and Gilmore, 2003). The items were on a seven-point Likert scale from 1 = *strongly disagree* to 7 = *strongly agree* with the following questions: "I consider myself to be highly loyal to this hotel," "I intend to continue staying at this hotel," "I would change hotels if another hotel's staff was more friendly," "I would try an alternative hotel if their loyalty program offered more benefits," and "I would try an alternative hotel if the alternative hotel offered increased facilities/services to this hotel."

Action Loyalty

Four indicators were used to measure action loyalty from the previous research (Jones and Sasser, 1995; Shoemaker and Lewis, 1999). Items included "I will return to this hotel in the next 6 months or less," "in the next 7-12 months," "in the next year (more than 12 months from now)," and "I will recommend this hotel to others." These items were measured on a seven-point Likert scale from 1 = *extremely unlikely* to 7 = *quite likely*.

Table 7. Survey Measurement Items

Construct	Measurement Scales	Measurement Items
Satisfaction Finn (2005); Spreng *et al.* (1996)	7-point Likert scale (1=Strongly Disagree, 7=Strongly Agree)	Overall, this hotel was _____. • Comfortable (Finn, 2005) • Satisfying to me (Finn, 2005) • Pleasing (Spreng et *al.*, 1996) Overall, I was content at this hotel. (Spreng et *al.*, 1996)
Delight Finn (2005); new items	7-point Likert scale (1=Strongly Disagree, 7=Strongly Agree)	I felt _____ at some time during my stay at this hotel. • Delighted [a] (Finn, 2005) • Gleeful [a] (Finn, 2005) • Elated [a] (Finn, 2005) • Grateful (new item) • Overjoyed (new item) • Pleased (new item) • Positively surprised (new item) This hotel had experiences/services which were unexpected and they delighted me. (new item)
Cognitive Loyalty Li and Petrick (2008); McMullan and Gilmore (2003)	7-point Likert scale (1=Strongly Disagree, 7=Strongly Agree)	I made the right choice of hotel with this hotel. (McMullan and Gilmore, 2003) The hotel's facilities are visually more appealing compared to other hotels of its type. (McMullan and Gilmore, 2003) This hotel has better value for my money compared to other hotel's prices of its type. (McMullan and Gilmore, 2003) I believe this hotel provides more benefits than other hotels of its type. (Li and Petrick, 2008) This hotel provides me superior service quality compared to other hotels of its type. (Li and Petrick, 2008)
Affective Loyalty Li and Petrick (2008); McMullan and Gilmore (2003); new items	7-point Likert scale (1=Strongly Disagree, 7=Strongly Agree)	I feel happy when I stay at this hotel. (Li and Petrick, 2008) I like this hotel more than other hotels of its type. (Li and Petrick, 2008) I love staying at this hotel. (Li and Petrick, 2008) Staying in this hotel says a lot about who I am. (McMullan and Gilmore, 2003) I feel grateful to this hotel.(new item)

Table 7 (cont'd)

Conative Loyalty Li and Petrick (2008); McMullan and Gilmore (2003)	7-point Likert scale (1=Strongly Disagree, 7=Strongly Agree)	I intend to continue staying at this hotel. (Li and Petrick, 2008) I consider myself to be highly loyal to this hotel. (McMullan and Gilmore, 2003) I would change hotels if another hotel's staff was more friendly. (McMullan and Gilmore, 2003) I would try an alternative hotel if their loyalty program offered more benefits. (McMullan and Gilmore, 2003) I would try an alternative hotel if the alternative hotel offered increased facilities/services to this hotel. (McMullan and Gilmore, 2003)
Action Loyalty Jones and Sasser (1995); Shoemaker and Lewis (1999)	7-point Likert scale (1=Extremely Unlikely, 7=Quite Likely)	I will return to this hotel in _____. • the next 6 months or less [b] (Jones and Sasser, 1995; Shoemaker and Lewis,1999) • the next 7-12 months [b] (Jones and Sasser, 1995; Shoemaker and Lewis,1999) • the next year (more than 12 months from now) [b] (Jones and Sasser, 1995; Shoemaker and Lewis,1999) I will recommend this hotel to others. (Jones and Sasser, 1995; Shoemaker and Lewis,1999)

[a]: Modified items based on Finn's measurement items (2005)

[b]: Modified items based on Jones and Sasser (1995), and Shoemaker and Lewis (1999)

Data Analysis

Based on basic demographic information of all the hotel guests from July to September 2009 given by the hotel, some characteristics (e.g., residency, number of people in the household, membership, and average spent money during the stay at the resort) of the respondents who returned completed surveys were compared to non-respondents who failed to return a completed survey. As shown in Appendix B, respondents and non-respondents had mostly similar demographic characteristics except the percent of loyalty membership holders (Respondents: 50%, Non-Respondents: 26%).

Survey data were analyzed in two steps. First, preliminary statistics were obtained using the Statistical Package for the Social Sciences (SPSS). For this study, SPSS 17.0 was used for the analysis. Descriptive statistics were obtained to determine the distributional characteristics of each variable including the means, standard deviation, skewness, and kurtosis. Second, structural equation modeling (SEM) was used to test the proposed model and hypotheses. For this study, M-*Plus* 5.2 was utilized to complete the analysis. In the SEM process, a confirmatory factor analysis (CFA) was first conducted and then a measurement model fit was evaluated. CFA is useful in validating scales to discover whether the measuring instrument appropriately measured the underlying constructs prior to considering of the full model (Hair, Anderson, and Fornell, 1998). Following the CFA, the data were used to estimate the hypothesized structural model in evaluating the overall model fit and standardized solutions were used in reporting the causal relationships between the exogenous and endogenous constructs.

CHAPTER 4

RESULTS

This chapter presents the findings on how customer satisfaction and delight influence loyalty, and the relationships between cognitive, affective, conative, and action loyalties. This chapter is divided into three sections: (1) the results of the preliminary analyses, including data screening and profiles of survey respondents in terms of demographic and traveling characteristics; (2) the results of tests conducted on the measurement model including assessments of overall model fit, reliability, and validity; and (3) the results associated with testing an integrated satisfaction, delight, and loyalty model.

Preliminary Analyses

In this section, data screening procedures and descriptive statistics for the variables are described.

Data Screening

Normality for each variable in the proposed model was examined to determine whether the data met the normality assumption for the maximum likelihood estimation (MLE). It is an important preliminary analysis step for subsequent SEM analyses to be meaningful (Hair *et al.*, 1998). The normality was assessed by evaluating the skewness and kurtosis of each variable in the study. These tests indicated that all values for univariate skewness and kurtosis were inside the acceptable range (-3 to 3 for skewness and -10 to 10 for kurtosis) (Kline, 1998). Thus, the results of the normality test showed no extreme departure from normality (skewness: from -2.17 to 0.55 and Kurtosis: from -0.57 to 6.04) as shown in Table 8.

Table 8.

Construct
Customer Satisfaction
Customer Delight
Cognitive Loyalty
Affective Loyalty
Conative Loyalty
Action Loyalty

Table 8. Normality[a] Test Results for Variables Included in the Proposed Model.

Constructs	Variable Names	Skewness[b]	Kurtosis[c]
Customer Satisfaction	SAT1 (Comfortable)	-2.15	5.53
	SAT2 (Pleasing)	-2.16	6.04
	SAT3 (Satisfying)	-2.06	4.90
	SAT4 (Content)	-2.17	5.36
Customer Delight	DEL1 (Delighted)	-1.41	2.17
	DEL2 (Grateful)	-.81	.38
	DEL3 (Elated)	-.56	.13
	DEL4 (Gleeful)	-.62	.15
	DEL5 (Overjoyed)	-.53	.06
	DEL6 (Pleased)	-2.08	5.06
	DEL7 (Positively surprised)	-.60	-.09
	DEL8 (Unexpected and delighted)	-.57	-.09
Cognitive Loyalty	COG1 (More benefits)	-1.16	1.55
	COG2 (Right choice)	-1.94	4.43
	COG3 (More appealing facilities)	-1.18	1.55
	COG4 (Better value)	-.82	.35
	COG5 (Superior service quality)	-.91	.60
Affective Loyalty	AFF1 (Feel happy)	-1.55	3.19
	AFF2 (Feel grateful)	-.64	.19
	AFF3 (Like)	-.91	.57
	AFF4 (Love staying)	-1.21	1.42
	AFF5 (Says a lot about who I am)	-.48	-.22
Conative Loyalty	CON1(Consider myself to be highly loyal to this hotel)	-.82	.23
	CON2 (Intend to continue staying at this hotel)	-1.33	1.80
	CON3 (I would change hotels if another hotel's staff was more friendly)	-.13	-.48
	CON4 (I would try an alternative hotel if it was less expensive than the lodge)	.51	-.49
	CON5 (I would try an alternative hotel if their loyalty program offered more benefits)	.19	-.57
	CON6 (I would try an alternative hotel if the alternative hotel offered increased facilities/services to the hotel)	.55	-.23
Action Loyalty	ACT1 (Likelihood to return to this hotel in the next 6 months or less)	-1.21	2.32
	ACT2 (Likelihood to return to this hotel in the next 7-12 months)	-1.42	1.89
	ACT3 (Likelihood to return to this hotel in the next year (more than 12 months from now)	-1.38	1.40
	ACT4 (Likelihood to recommend this hotel to others)	-2.32	5.58

Table 8 (cont'd)

Note: [a] Normality was examined in terms of skewness and kurtosis. [b] Skewness refers to the symmetry of the distribution. Skewness with a value above 3 is conventionally considered extremely skewed. [c] Kurtosis indicates a relative excess of cases in the tails of a distribution relative to a normal distribution. A kurtosis value of 10 or below is a conventional criterion indicating normal distribution in terms of its peakedness. A value above 10 is considered extremely peaked.

Profile of Survey Respondents

Socio-Demographic Characteristics of Survey Respondents

Table 9 presents the respondents' socio-demographic information. The majority of the participants were female (69%) and the average age was 48 years. The majority of participants (82 %) were European American/Middle Eastern/White. About 21% of respondents had an annual household income between $50,000 and $74,999, followed by those with an annual household income ranging between $75,000 and $99,999 (17%), and between $100,000 and $149,999 (17%). The average number of people in a household was three, the majority of respondents (58%) were employed full-time, and 13% of respondents were retired. The majority of respondents (69%) resided in Michigan, followed by those living in Ohio (12%), Canada (7%), and other states (12%).

Traveling Characteristics of Survey Respondents

Table 10 presents the respondents' travel information used for travel decision making. Respondents indicated information used or marketing communications influencing them to book the current stay at this hotel by (multiple responses allowed): previous visit (57%), hotel membership holder (20%), friend or family member recommended (17%), special package rate (17%), Internet web site or search engine (16%), E-mail promotion, and newsletter offer (16%). Most of the respondents traveled with their family members (86%) and friends (12%).

Table 9. Socio-Demographic Characteristics of Survey Respondents

Category		Frequency	%
Gender	Female	1,132	69%
	Male	507	31%
	Total	1,639[a]	100%
Age	**Mean:48 years old**		
	19-24 years	25	2%
	25-34 years	209	13%
	35-44 years	446	28%
	45-54 years	465	29%
	55-64 years	306	19%
	65-74 years	128	8%
	75 years or older	34	2%
	Total	1,613[a]	100%
Race	African American/Black	33	2%
	American Indian	51	3%
	Asian or Pacific Islander	11	1%
	European American/Middle East/White	1,326	82%
	Hispanic/Latino/Latina	12	1%
	Other	178	11%
	Total	1,611[a]	100%
Employment Status	Employed full-time	971	60%
	Employed part-time	159	10%
	Retired	204	9%
	Self-employed	138	13%
	Unemployed	68	4%
	Other	71	4%
	Total	1,611[a]	100%
Income	Less than $25,000	58	4%
	$25,000-$34,999	90	6%
	$35,000-$49,999	181	11%
	$50,000-$74,999	343	22%
	$75,000-$99,999	275	17%
	$100,000-$149,999	275	17%
	$150,000-$199,999	71	5%
	$200,000 or more	33	2%
	I prefer not to respond	248	16%
	Total	1,574[a]	100%

Table 9 (cont'd)

Family Status	Average total number of people in a household	3	
	Average number of children in a household (18 years or younger)	1	
	Average number of adults in a household (19 years or older)	2	
Primary Residence	Michigan	1,137	70%
	Ohio	200	12%
	Canada	102	6%
	Indiana	51	3%
	Illinois	51	3%
	Other	94	6%
	Total	1,635[a]	100%

Note: [a] The value of "frequency" varies, due to questions not answered.

During their trip, their leisure activities were (multiple responses allowed): explored Frankenmuth city or town (75%), shopped on Main Street Frankenmuth (72%), went swimming in the resort's pools or whirlpools (71%), played in the resort's game rooms or indoor putt-putt golf (65%), shopped in Riverplace (63%), shopped in Birch Run (50%), dined at a unique restaurant in the Bavarian Inn Lodge (49%), dined at the resort on Main Street (48%), dined at Zehnder's restaurant on Main Street (29%), and dined at a unique restaurant outside of the resort (20%). Respondents were mostly satisfied with the hotel's location (Mean 6.66 on 1: very unsatisfied to 7: very satisfied), friendliness of staff (6.43), hotel amenities (pool, game room, free nightly entertainment) (6.42), room cleanliness (6.42), quality of food (6.30), room comfort (6.12), relationship established between staff and customers (6.04), and value for money (5.68).

Table 10. Travel Characteristics of Survey Respondents

	Category	Frequency	%
Information or marketing communication to book this recent stay at this resort [a]	Previous visit	951	57%
	Hotel membership card holder	338	20%
	Friend or family member recommended	280	17%
	Special package rate	275	17%
	Internet web site or search engine	271	16%
	E-mail promotion, newsletter offer	266	16%
Accompanied on this recent stay at this resort	Family members	1,424	86%
	Friends	197	12%
	Alone	27	2%
Leisure activities during this trip [a]	Explored Frankenmuth city or town	1,248	75%
	Shopped on Main Street Frankenmuth	1,201	72%
	Went swimming in the resort's pools or whirlpools	1,192	71%
	Played in the resort game rooms or indoor putt-putt golf	1,093	65%
	Shopped in Riverplace	1,058	63%
	Shopped in Birch Run	838	50%
	Dined at a unique restaurant in the Bavarian Inn Lodge	810	49%
	Dined at the resort on Main Street	797	48%
	Dined at Zehnder's restaurant on Main Street	487	29%
	Dined at a unique restaurant outside of the resort	329	20%
Satisfaction with this recent stay at this resort (1: Very Unsatisfied to 7: Very Satisfied)		**MEAN**	
	Hotel location	6.66	
	Friendliness of staff	6.43	
	Hotel amenities (pool, game room, free nightly entertainment)	6.42	
	Room cleanliness	6.42	
	Quality of food	6.30	
	Room comfort	6.12	
	Relationship established between staff and customers	6.04	
	Value for money	5.68	

Note: [a] multiple responses allowed.

Testing the Measurement Model

Confirmatory Factor Analysis: Model Specifications

The measurement model defines the relationships between observed variables and the underlying constructs that the observed variables are presumed to measure.

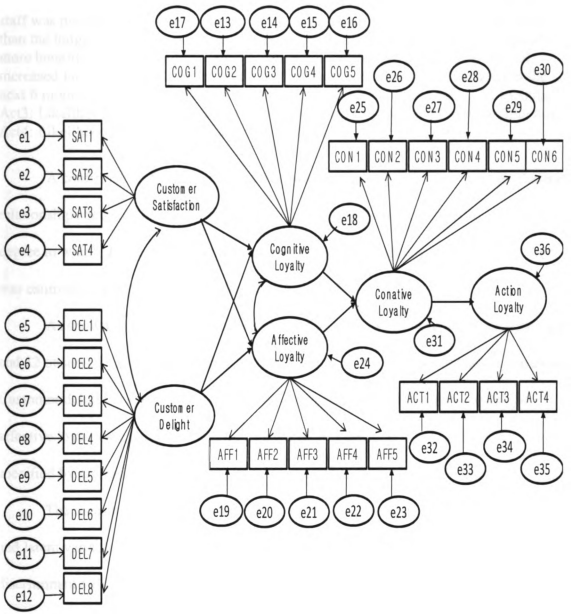

Figure 6. The Proposed Measurement Model

Figure 6 (cont'd)
Note: Sat1: Comfortable, Sat2: Pleasing, Sat3: Satisfying, Sat4: Content; Del1: Delighted, Del2: Grateful, Del3: Elated, Del4: Gleeful, Del5: Overjoyed, Del6: Pleased, Del7: Positively surprised, Del8: Unexpected and delighted; Cog1: More benefits, Cog2: Right choice, Cog3: More appealing facilities, Cog4: Better value, Cog5: Superior service quality; Aff1: Feel happy, Aff2: Feel grateful, Aff3: Like, Aff4: Love staying, Aff5: Says a lot about who I am; Con1: Consider myself to be highly loyal to this hotel, Con2: Intend to continue staying at this hotel, Con3: I would change hotels if another hotel's staff was more friendly, Con4: I would try an alternative hotel if it was less expensive than the lodge, Con5: I would try an alternative hotel if their loyalty program offered more benefits, Con6: I would try an alternative hotel if the alternative hotel offered increased facilities/services to the hotel; Act1: Likelihood to return to this hotel in the next 6 months or less, Act2: Likelihood to return to this hotel in the next 7-12 months, Act3: Likelihood to return to this hotel in the next year (more than 12 months from now), Act4: Likelihood to recommend this hotel to others; Error Terms: e1-e36.

A confirmatory factor analysis (CFA) was conducted to confirm the hypothesized relationships between observed variables and their underlying constructs to assess the degree to which the data fit the proposed measurement model. The measurement model was estimated using the maximum likelihood method.

As shown in Figure 6, the proposed measurement model consists of six constructs and 32 observed variables. Customer satisfaction is specified by four observed variables. Customer delight is specified by eight observed variables. The cognitive loyalty and affective loyalty are each specified by five observed variables. Conative loyalty is specified by six variables. Action loyalty is specified by four observed variables.

The measurement model analyzed relationships among a set of observed variables and latent variables by testing reliability and construct validity including convergent and discriminant validity. Once the measurement model reached an acceptable level of fit, the full hypothesized structural model was tested to determine its fit relative to the data being tested. Model modification procedures were used to identify observed variables that had low factor loadings, significant cross loadings, and large residuals using a standardized

factor. For this study, five goodness-of-fit indices were selected (Browne and Cudeck, 1993; Garson, 2006; Kline, 1998; Steiger, 1989). As shown in Table 11, the goodness-of-fit indices chosen for this study and the recommended range of good fit are presented.

The proposed measurement model was tested first and was not acceptable with the data (χ^2 (449)=7951.2, p<.001,CFI=.856, TLI=.841, RMSEA=.100, SRMR=.076) as presented in Table 9. Thus, it was decided to modify the proposed model since CFI, TLI, RMSEA, and SRMR did not fall within a range of acceptable values.

Table 11. The Recommended Goodness-Of-Fit Indices

Goodness-of-fit Indices Used for the Study	**Recommended Range of Good Model Fit**
• Chi-Square Statistics (χ^2)	Insignificant p-value (p>.01) [a]
• Comparative Fit Index (CFI)	> .90
• Tucker -Lewis Index (TLI)	> .90
• Root Mean Square Error of Approximation (RMSEA)	<.08: A good fit
• Standardized Root Mean Square Residual (SRMR)	<.05: A good fit

[a] χ^2: There is a problem of sample size dependency. With increasing sample size, the χ^2 value increases. For large sample sizes, the χ^2 statistic provides a highly sensitive statistical test, but not a practical test of model fit (Bollen, 1989; Browne and Cudeck, 1993; Chung and Rensvold, 2002; Garson, 2006; Kline, 1998; Schermelleh-Engel, Moosbrugger, and Müller, 2003; Steiger, 1989).

The observed variables with low factor loadings were removed from the proposed measurement (less than .50) (Kline, 1998). The CFA test results showed that modified model 1 was a significantly better fit than the proposed model to the data (χ^2 (362)=5347.4, p<.001, CFI=.899, TLI=.887, RMSEA=.091, SRMR=.060). However, this model still presented a poor fit since CFI, TLI, RMSEA, and SRMR results were not

within the acceptable ranges. Therefore, modified model 2 was suggested by deleting several observed variables which had large residuals with other observed variables.

Finally, as shown in Table 12, modified model 2 showed a significant improvement in chi-square (823.98) and a good fit to the data (χ^2 (75)=823.98, p<.001, CFI=.965, TLI=.951, RMSEA=.078, SRMR=.035). While CFI, TLI, RMSEA, and SRMR results were within the recommended range for a model with good fit to the data, χ^2 indicated a poor fit due to the large sample size. With increasing sample size, the χ^2 value increases and it leads to the problem that plausible models might be rejected, although the discrepancy between the sample and the model-implied covariance matrix is actually irrelevant (Bollen, 1989; Cheung and Rensvold, 2002; Schermelleh-Engel, Moosbrugger, and Müller, 2003). Jöreskog and Sörbom (1993) suggested that the χ^2 statistic is not a formal test and it should not be focused on too much but rather viewed as a descriptive goodness-of-fit index due to the problem of sample size (Bollen, 1989; Schermelleh-Engel *et al.*, 2003). Therefore, it was concluded that the modified model 2 was acceptable.

Table 12. Comparison of the Proposed and Modified Full Measurement Models

Model	χ^2	*Df*	CFI	TLI	RMSEA	SRMR	$\Delta\chi^2$
Initial Model	7951.2	449	.856	.841	.100	.076	
Modified Model 1	5347.4	362	.899	.887	.091	.060	2603.80
Modified Model 2	823.98	75	.965	.951	.078	.035	4523.42

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Assessment of Reliability and Validity

The modified measurement model 2 provided support for both validity and reliability.

Reliability: The reliability test was conducted using Cronbach's alpha (α) and a composite reliability, which indicates the internal consistency of the observed variables measuring each factor. As shown in Table 11, Cronbach's α of all six factors exceeded the recommended .70 (Nunnally, 1978) except the cognitive loyalty construct (.61). However it was considered to be minimally acceptable (Devillis, 1991). Composite reliability was also conducted to measure true reliability because Cronbach's alpha (α) may over- or under-estimate scale reliability (Raykov, 1998). The acceptable range for composite reliability should be greater than .70 (Chin, 1998). All six factors were acceptable at the recommended .70 level.

Convergent validity: Convergent validity refers to the degree of association between the observed variables of a factor and is used to determine whether different observed variables used to measure the factors are highly correlated. Convergent validity can be examined by reviewing the results of a t-test for the factor loadings (Hatcher, 1994). As displayed in Table 13, all factor loadings for the observed variables were statistically significant with t-values ranging from 45.48 to 349.56 ($p < .001$) and standardized factor loadings ranging from .69 to .97. Thus, it can be concluded that convergent validity was supported.

Discriminant validity: Discriminant validity is the degree to which items differentiate among constructs. The average variance extracted (AVE) for each of the constructs is greater than their shared variance (Fornell and Larcker, 1981).

Table 13. The Result of Confirmatory Factor Analysis for the Modified Measurement Model 2 (Reliability and Convergent Validity)

Construct	Variable Name	Standardized Loading[a]	t-value	Cronbach's α	Composite Reliability[b]	AVE[c]
Customer Satisfaction	SAT1	.83**	100.64	.95	.97	.91
	SAT2	.97**	349.56			
	SAT3	.96**	307.36			
Customer Delight	DEL1	.83**	80.34	.83	.91	.76
	DEL2	.87**	93.10			
	DEL3	.70**	48.22			
Cognitive Loyalty	COG1	.77**	69.38	.61	.90	.82
	COG2	.91**	126.13			
Affective Loyalty	AFF1	.90**	110.18	.76	.90	.82
	AFF2	.78**	68.40			
Conative Loyalty	CON1	.87**	116.77	.71	.90	.82
	CON2	.94**	164.47			
Action Loyalty	ACT1	.69**	45.48	.80	.90	.76
	ACT2	.87**	86.52			
	ACT3	.83**	74.20			

Note: [a] Standardized loadings indicate relationships between observed variables and their associated factors in order to examine convergent validity.

[b] Composite Reliability = (Sum of standardized loadings) ^{2}/ ((Sum of standardized loadings)^2 + Sum of indicator measurement error)

[c] Average Variance Extracted = Sum of squared standardized loadings/ (Sum of squared standardized loadings + Sum of indicator measurement error)

** Factor loadings are all significant at $p < .001$.

Table 14. Discriminant Validity Matrix

	Customer Satisfaction	Customer Delight	Cognitive Loyalty	Affective Loyalty	Conative Loyalty	Action Loyalty
Customer Satisfaction	.91 [a]					
Customer Delight	.50 [b]	.76				
Cognitive Loyalty	.72	.59	.82			
Affective Loyalty	.50	.59	.73	.82		
Conative Loyalty	.46	.42	.69	.74	.82	
Action Loyalty	.31	.31	.44	.47	.63	.76

Note: [a] Average Variance Extracted for a given construct

[b] The standardized correlation between constructs

Testing the Structural Equation Model

The proposed structural equation model is presented in Figure 7. The eight hypotheses regarding the relationships among the factors were tested in the structural equation model and the results of the hypotheses testing are presented in Table 15, including the standardized path coefficients estimated by SEM and the results of the tests of hypotheses. A path diagram is also presented in Figure 7. The path diagram shows standardized path coefficients, representing the direction and strength of the direct influence of one factor on another, and the squared multiple correlations indicating the total variance in a factor explained by the factor(s). The results show that the model fits the data with all fit indices (χ^2 (81)=730.85, p<.001, CFI=.971, TLI=.963, RMSEA=.070, SRMR=.034) as shown in Table 15.

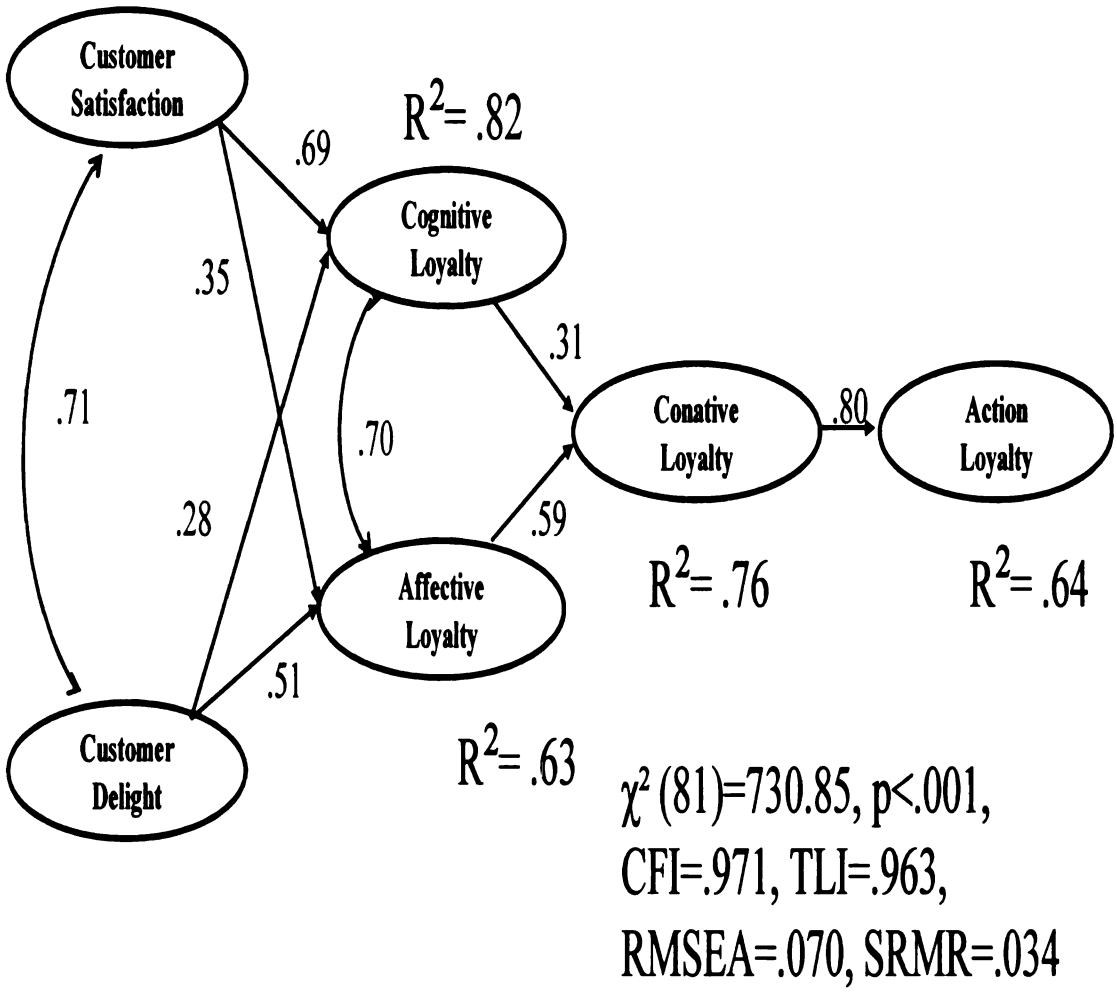

Figure 7. Results of Testing the Proposed Structural Model with Standardized Path Coefficients and Squared Multiple Correlations (R^2: The Total Variance Explained by the Direct Influence of One Factor on Another)

Seven of the eight hypotheses were supported, as shown in Figure 7. Customer satisfaction had significant direct influences on cognitive and affective loyalty (support for H1a and H1b). The influence of customer satisfaction on cognitive loyalty ($\beta = .69$, $p < .001$) was larger than that on affective loyalty ($\beta = .35$, $p < .001$). Customer delight had a significant influence on cognitive and affective loyalty (support for H2a and H2b). The influence of customer delight on affective loyalty ($\beta = .51$, $p < .001$) was larger than that on cognitive loyalty ($\beta = .28$, $p < .001$). The influence of customer delight on cognitive loyalty ($\beta = .28$, $p < .001$) was smaller than that of customer satisfaction on cognitive loyalty ($\beta = .69$, $p < .001$) (did not support H3a). However, the influence of customer delight on affective loyalty ($\beta = .51$, $p < .001$) was larger than that of customer satisfaction on affective loyalty ($\beta = .35$, $p < .001$) (support H3b).

Table 15. Results of Hypotheses Testing

Paths	Standardized Path Coefficient (β)	t-value	P-value	Hypotheses testing results
Customer Satisfaction → Cognitive Loyalty (H1a)	.69	32.50	0.00	Supported
Customer Satisfaction → Affective Loyalty (H1b)	.35	11.95	0.00	Supported
Customer Delight → Cognitive Loyalty (H2a)	.28	11.44	0.00	Supported
Customer Delight → Affective Loyalty (H2b)	.51	17.66	0.00	Supported
Customer delight will have a greater influence on cognitive loyalty in comparison to satisfaction. (H3a)	Customer Delight → Cognitive Loyalty: .28 Satisfaction → Cognitive Loyalty: .69			Not supported
Customer delight will have a greater influence on affective loyalty in comparison to satisfaction. (H3b)	Customer Delight → Affective Loyalty: .51 Satisfaction → Affective Loyalty: .35			Supported
Cognitive Loyalty → Conative Loyalty (H4)	.31	6.75	0.03	Supported
Affective Loyalty → Conative Loyalty (H5)	.59	13.02	0.00	Supported
Conative Loyalty → Action Loyalty (H6)	.80	62.72	0.00	Supported

Cognitive and affective loyalty had significant influences on conative loyalty (support for H4 and H5). The influence of affective loyalty on conative loyalty ($\beta = .59$, $p < .001$) was larger than that of cognitive loyalty on conative loyalty ($\beta = .31$, $p < .05$). Lastly, conative loyalty had significant influences on action loyalty ($\beta = .80$, $p < .001$) (support for H6).

Table 16. Overall Fit Indices for the Hypothesized Structural Model

	χ^2	*Df*	CFI	TLI	RMSEA	SRMR
Proposed Model	730.85	81	.971	.963	.070	.034

Multiple Squared Correlations

As shown in Figure 7, 64 percent of variance in action loyalty was explained by the influences of conative loyalty. Seventy-six percent of variance in conative loyalty was explained by the influences of cognitive and affective loyalty. Customer satisfaction and delight explained 82 percent of variance in cognitive loyalty and 63 percent in affective loyalty.

Additional Analyses

Additional Analysis with a Full Path Model

In order to test complete or partial mediating effects among constructs and to determine a better fitting model, a full path model was also tested by adding several paths between antecedents and dependent variables as shown in Figure 8. The proposed model is based on complete mediating effects of cognitive, affective, and conative loyalty. The causal claims are grounded in previous studies of a sequential loyalty development conceptualization with the mediating roles of each different phase of loyalty (Back, 2001, 2005; Back and Parks, 2003; Evanschitzky and Wunderlich, 2006; Harris and Goode, 2004; Oliver, 1999). Applying this framework in the tourism and hospitality context, this study identified mediating effects between antecedents and dependent variables. In the proposed model, cognitive and affective loyalty were used as mediator variables between customer satisfaction and conative loyalty and also between customer delight and conative loyalty. Conative loyalty was used as a mediator variable between cognitive loyalty and action loyalty and between affective loyalty and action loyalty.

As shown in Figure 9, the full path model, a partial mediator model is less restrictive. To this extent, customer satisfaction and delight could have direct effects on the groups of conative and action loyalty. Cognitive and affective loyalty could also have direct effects on action loyalty. Furthermore, this full path model shows cognitive, affective, and conative loyalty as partial mediators. Therefore, the full path model was tested with this possibility although it was not hypothesized in the proposed model based on some studies supporting that satisfaction has a direct impact on repeat purchase

intentions (Fornell, Johnson, Anderson, Cha, and Bryant, 1996; Yi, 1990) and brand loyalty (Shoemaker and Lewis, 1999).

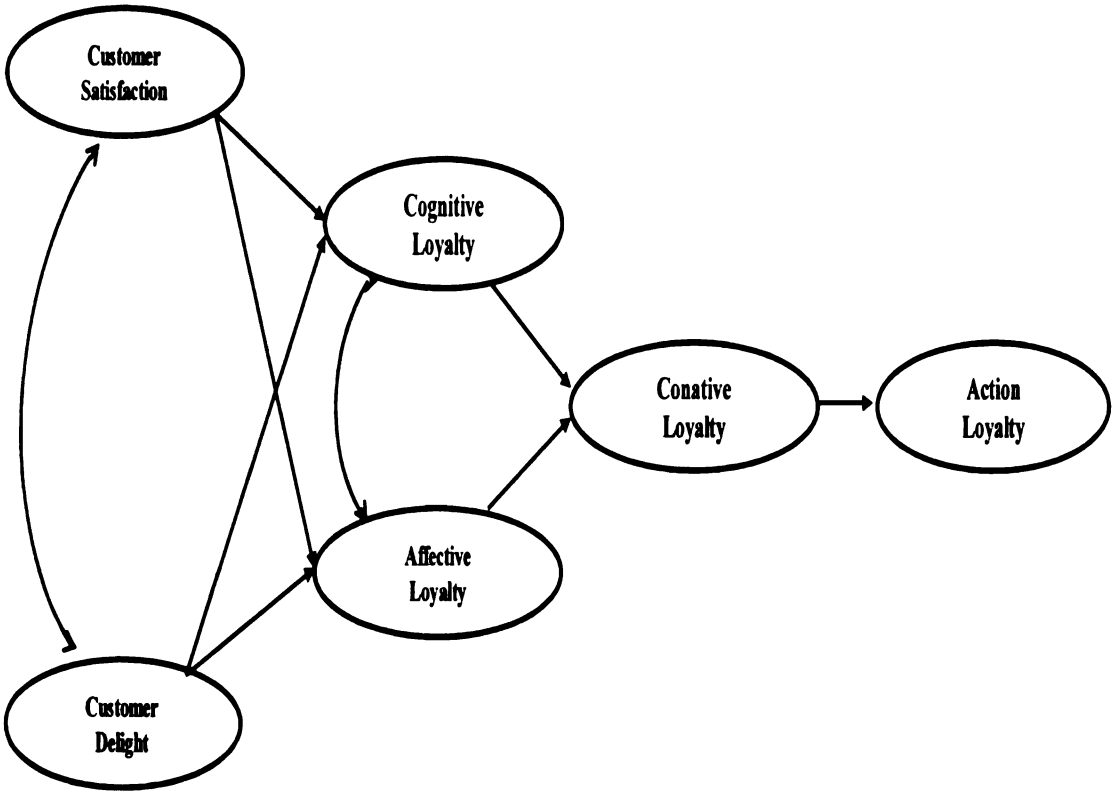

Figure 8. The Proposed Model

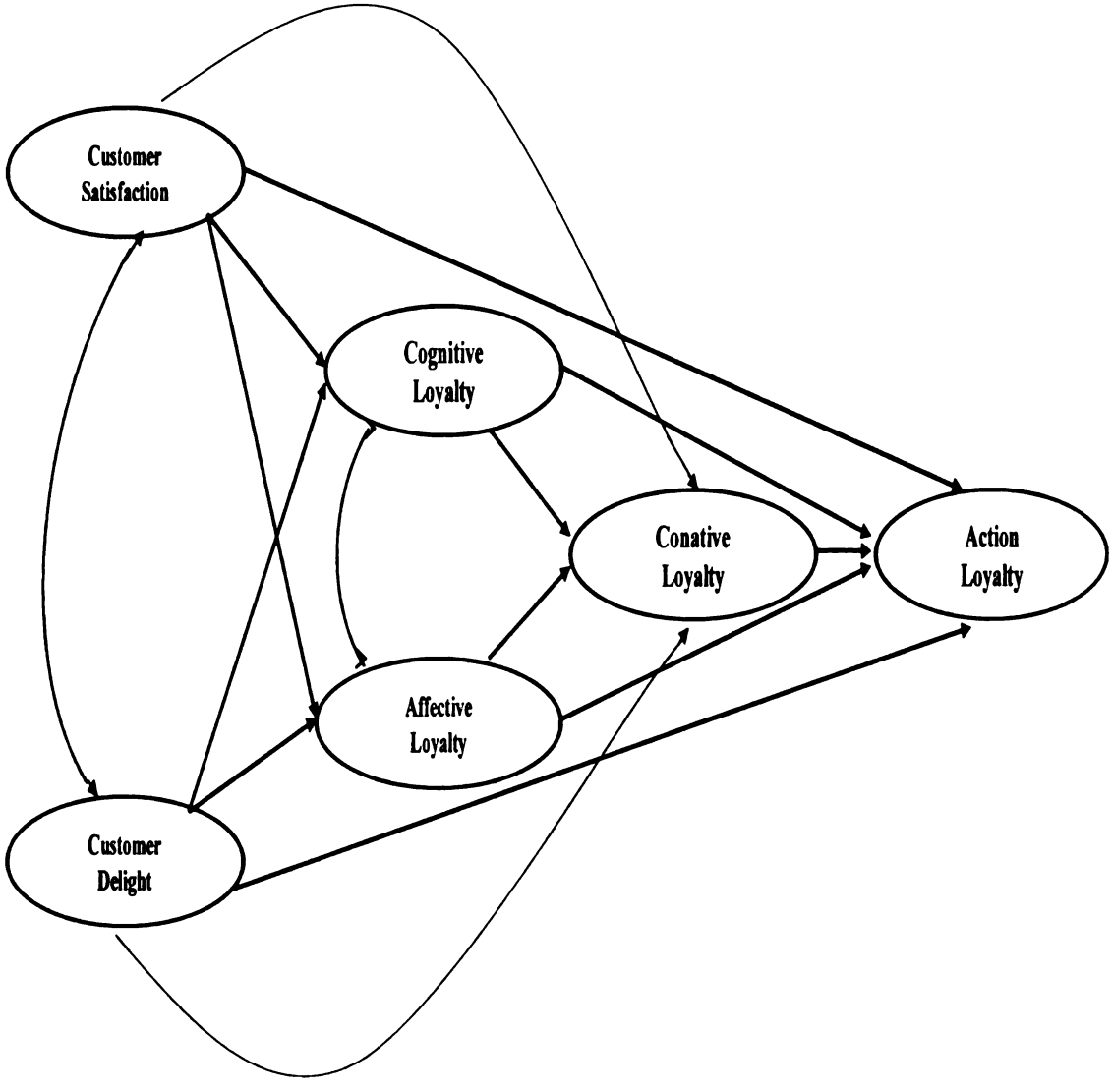

Figure 9. The Full Path Model

The goodness-of-fit measures were compared to assess which of the two models is better. As shown in the Table 17, both the proposed and full path models met the fit

criteria. The fit indices for the two models were very similar, showing that the two models had the same level of model fit (proposed model: χ^2 (81)=730.85, p<.001, CFI=.971, TLI=.963, RMSEA=.070, SRMR=.034; competing model: χ^2 (75)=711.59, p<.001, CFI=.972, TLI=.960, RMSEA=.072, SRMR=.033). The Chi-square (χ^2) difference test was also performed to assess whether there was a significant difference between the two models (Bagozzi and Yi, 1988; Jöreskog and Sörbom, 1993). The Chi-square (χ^2) difference test between the proposed model and the full path model ($\Delta \chi^2$ = 19.267; Δ df = 6) supported that the full path model performed significantly better than the proposed model. The results provided that customer satisfaction did not have a direct effect on cognitive loyalty and action loyalty, whereas delight had a negative direct effect on conative loyalty (β = - .10, p < .001) but a positively direct effect on action loyalty (β = .08, p < .05). For cognitive and affective loyalty, there was no direct effect on action loyalty. Therefore, this study showed that both cognitive and affective loyalty were complete mediators between customer satisfaction and conative loyalty. Conative loyalty also acted as a complete mediator between cognitive and action loyalty and between affective loyalty and action loyalty. However, the result of the path between delight and conative loyalty (negative effect of delight on conative loyalty) did not support the previous studies showing a positive effect of delight on conative loyalty (Arnold *et al.*, 2005; Finn, 2005; Oliver *et al.*, 1997). Therefore, these results suggest that the proposed model was conceptually a better model than the full path model, although the competing model was statistically a better model resulting from the chi-square (χ^2) different test.

Table 17. The Results of the Proposed Model and Full Path Model

Path	Proposed model			Full Path model		
	Standardized Path Coeffiecient (β)	t-value	P-value	Standardized Path Coeffiecient (β)	t-value	P-value
Customer Satisfaction→ Cognitive Loyalty	.69	32.50	.000	.69	32.25	.000
Customer Satisfaction→ Affective Loyalty	.35	11.95	.000	.40	15.65	.000
Customer Satisfaction→ Conative Loyalty	Not tested			-.07	-1.43	Non-sig.
Customer Satisfaction→ Action Loyalty	Not tested			.04	.61	Non-sig.
Customer Delight→ Cognitive Loyalty	.28	11.44	.000	.28	11.64	.000
Customer Delight → Affective Loyalty	.51	17.66	.000	.49	18.47	.000
Customer Delight → Conative Loyalty	Not tested			-.10	-3.30	.001
Customer Delight → Action Loyalty	Not tested			.08	2.12	.034
Cognitive Loyalty→ Conative Loyalty	.31	6.75	.000	.32	3.48	.000
Cognitive Loyalty→ Action Loyalty	Not tested			-.11	-.97	Non-sig.
Affective Loyalty→ Conative Loyalty	.59	13.02	.000	.72	11.71	.000
Affective Loyalty→ Action Loyalty	Not tested			.03	.29	Non-sig.
Conative Loyalty→ Action Loyalty	.80	62.72	.000	.79	14.35	.000
χ^2 (df)	730.85 (81)			711.59 (75)		
P value	.000			.000		
CFI	.971			.972		
TLI	.963			.960		
RMSEA	.070			.072		
SRMR	.034			.033		
R^2 (Cognitive Loyalty)	.82			.82		
R^2 (Affective Loyalty)	.63			.68		
R^2 (Conative Loyalty)	.76			.79		
R^2 (Action Loyalty)	.64			.64		

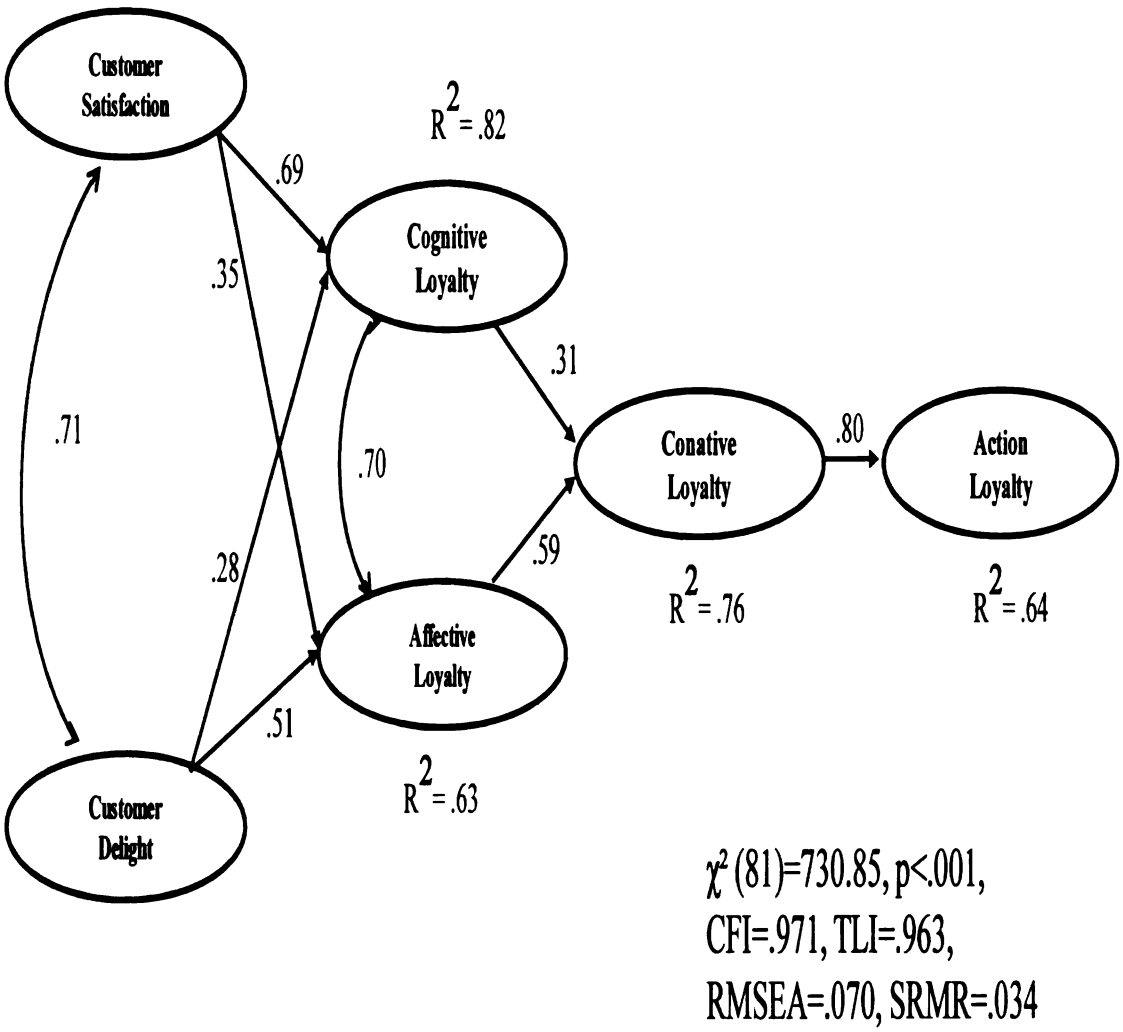

Figure 10. Results of Testing the Proposed Structural Model with Standardized Path Coefficients and Squared Multiple Correlations

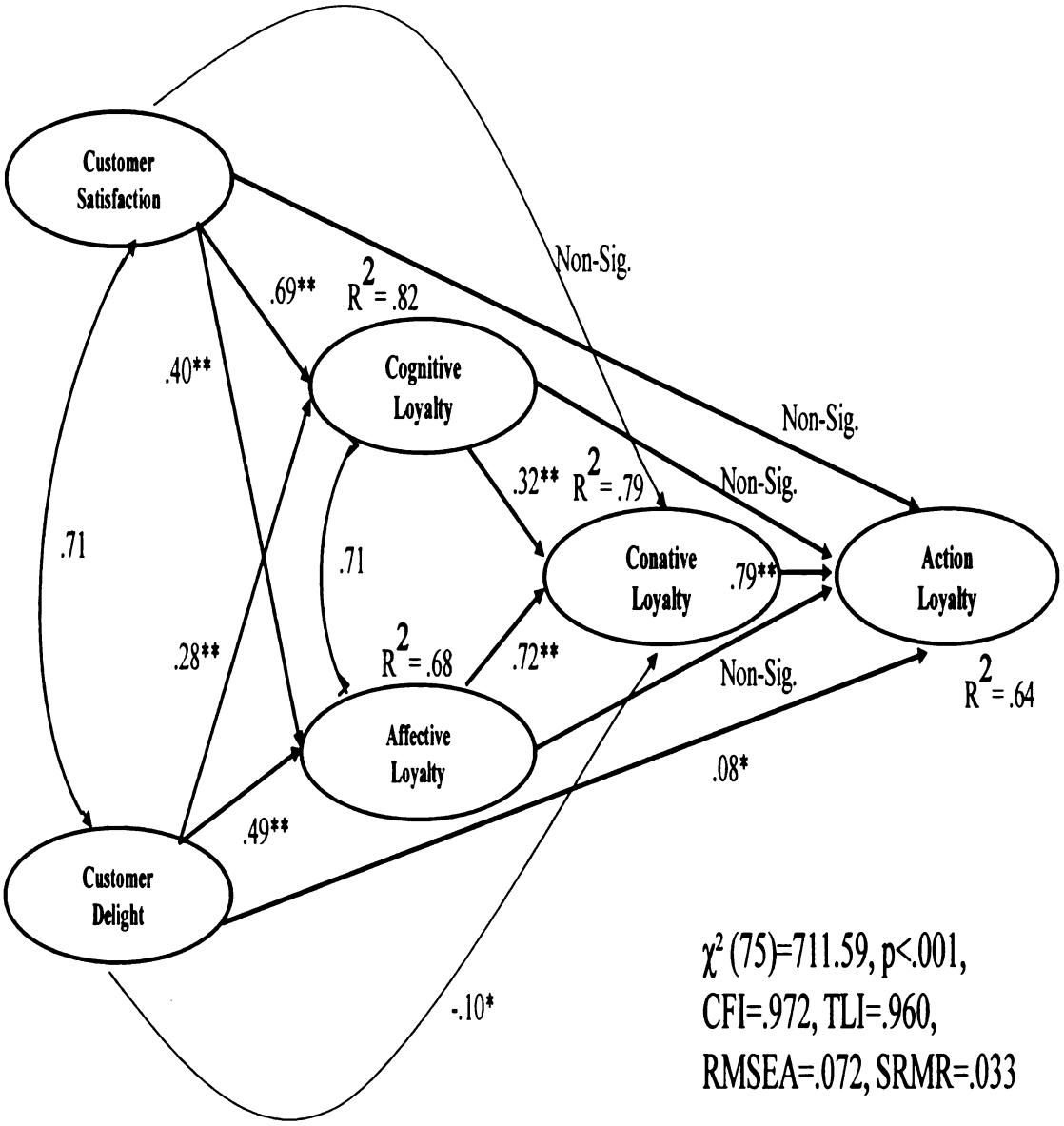

Figure 11. Results of Testing the Competing Structural Model with Standardized Path Coefficients and Squared Multiple Correlations

Additional Analysis between First-Time Guests (or not Recent Guests in the Past 3 Years) and Repeat Guests

Based on the number of stays at the resort, respondents were divided into two groups; first-time guests (or not recent guests in the past 3 years) and repeat guests. In order to test the differences between these two groups, a two-group analysis was conducted. Table 18 presents the respondents' socio-demographic information for the two groups. Most of the characteristics were similar between the two groups excluding characteristics of employment status and primary residence. A group of first-time guests (or not recent guests in the past 3 years) had a greater percentage of full-time employment and a group of repeat guests had a greater percentage of primary residence in Michigan.

Table 19 shows the means of customer satisfaction, delight, cognitive loyalty, affective loyalty, conative loyalty, and action loyalty of the two groups. In order to investigate whether the two groups have statistically significant differences, analysis of variance (ANOVA) tests were performed. The mean differences in customer satisfaction with three items were not statistically significant. Two items under delight, "delighted" and "overjoyed," were not statistically significant. However, an item under delight, "positively surprised," was statistically significant at $p<0.05$. One item under cognitive loyalty, "I believe the hotel provides more benefits than other hotels of its type" was statistically significant at $p<0.05$ and one item under cognitive loyalty, "The hotel's facilities are visually more appealing compared to other hotels of its type" was not statistically significant. The mean differences in affective, conative, and action loyalty

were statistically significant at $p<0.05$ or $p<0.001$. The results showed that a group of repeat guests had higher means of loyalty.

Table 18. Socio-Demographic Characteristics of Survey Respondents between First-Time (or not recent guests in the past 3 years) and Repeat Guests

	Category	First-Time Guests (or Not Recent Guests in the Past 3 Years) (n=1,018)		Repeat Guests (n=640)	
		Frequency	%	Frequency	%
Gender	Female	672	31%	443	30%
	Male	305	69%	189	70%
	Total	977	100%	632	100%
Race	African American/Black	20	2%	12	2%
	American Indian	30	3%	21	3%
	Asian or Pacific Islander	7	1%	4	1%
	European American/Middle East/White	801	83%	498	81%
	Hispanic/Latino/Latina	8	1%	4	1%
	Other	97	10%	78	13%
	Total	963	100%	617	100%
Employment Status	Employed full-time	604	63%	351	57%
	Employed part-time	78	8%	75	12%
	Retired	118	12%	50	8%
	Self-employed	86	9%	82	13%
	Unemployed	35	4%	33	5%
	Other	40	4%	28	5%
	Total	961	100%	619	100%
Income	Less than $25,000	26	3%	30	5%
	$25,000-$34,999	52	6%	36	6%
	$35,000-$49,999	113	12%	64	11%
	$50,000-$74,999	195	21%	139	23%
	$75,000-$99,999	174	18%	99	17%
	$100,000-$149,999	162	17%	110	18%
	$150,000-$199,999	51	5%	19	3%
	$200,000 or more	23	2%	6	1%
	I prefer not to respond	149	16%	95	16%
	Total	945	100%	598	100%
Primary Residence	Michigan	591	61%	448	73%
	Ohio	133	14%	51	8%
	Canada	61	6%	18	3%
	Indiana	36	4%	34	6%
	Illinois	41	3%	9	1%
	Other	127	13%	54	9%
	Total	989	100%	615	100%
Age	Mean	48		48	

Table 19. Mean Difference in Satisfaction, Delight, Cognitive Loyalty, Affective Loyalty, Conative Loyalty, and Action Loyalty between First-Time (or not recent guests in the past 3 years) and Repeat Guests

Constructs	Variable Names	First-Time Guests (or Not Recent Guests in the Past 3 Years) (n=1,018)	Repeat Guests (n=640)	ANOVA (*p*)
Customer Satisfaction	SAT1 (Comfortable)	6.1 [a]	6.1	Non. Sig.
	SAT2 (Satisfying)	6.0	6.1	Non. Sig.
	SAT3 (Content)	6.1	6.2	Non. Sig.
Customer Delight	DEL1 (Delighted)	5.7 [a]	5.8	Non. Sig.
	DEL5 (Overjoyed)	4.8	5.0	Non. Sig.
	DEL7 (Positively surprised)	5.1	4.8	.003
Cognitive Loyalty	COG1 (More benefits)	5.6 [a]	5.8	.004
	COG2 (Right choice)	6.0	6.1	Non. Sig.
Affective Loyalty	AFF3 (Like)	5.4 [a]	5.6	.003
	AFF4 (Love staying)	5.6	5.9	.000
	AFF5 (Says a lot about who I am)	4.8	5.0	.001
Conative Loyalty	CON1(Consider myself to be highly loyal to this hotel)	5.1 [a]	5.5	.000
	CON2 (Intend to continue staying at this hotel)	5.5	5.9	.000
Action Loyalty	ACT1 (Likelihood to return to this hotel in the next 6 months or less)	3.8 [b]	4.7	.000
	ACT2 (Likelihood to return to this hotel in the next 7-12 months)	5.0	5.7	.000
	ACT3 (Likelihood to return to this hotel in the next year (more than 12 months from now)	5.5	6.0	.000

Note: [a] Scale: Range from 1: strongly disagree to 7: strongly agree

[b] Scale: Range from 1: extremely unlikely to 7: quite likely

Hypothesized structural models of the two groups were also performed. The χ^2 difference test was used to test for the moderating effects on individual paths to examine the groups' differences in individual paths. Table 20 presents the χ^2 difference results for path coefficients between groups. The χ^2 difference tests showed that the paths of Customer Satisfaction --> Affective Loyalty, Customer Delight --> Cognitive Loyalty and Affective Loyalty, Cognitive Loyalty --> Conative Loyalty, and Affective Loyalty --> Conative Loyalty.

Table 20. χ^2 Difference Tests

Path	**Difference in χ^2**
Customer Satisfaction → Cognitive Loyalty	Non. Sig.
Customer Satisfaction → Affective Loyalty	8.26**
Customer Delight → Cognitive Loyalty	8.34**
Customer Delight → Affective Loyalty	8.29**
Cognitive Loyalty → Conative Loyalty	10.32**
Affective Loyalty → Conative Loyalty	8.61**
Conative Loyalty → Action Loyalty	Non. Sig.

Note: **Significant at p<.001

As shown in the Table 21, both the groups of first-time guests (or not recent guests in the past 3 years) and repeat guests met the fit criteria (first-time guests (or not recent guests in the past 3 years): χ^2 (81)=454.82, p<.001, CFI=.969, TLI=.958, RMSEA=.075, SRMR=.035; repeat guests: χ^2 (81)=232.92, p<.001, CFI=.976, TLI=.968, RMSEA=.062, SRMR=.027).

Table 21. Comparison of Overall Fit Indices for Two Groups

	χ^2	*Df*	CFI	TLI	RMSEA	SRMR
First-Time Guests (or not recent guests in the past 3 years)	454.82	81	.969	.958	.075	.035
Repeat Guests	232.92	81	.976	.968	.062	.027

As shown in Table 22, the results provided that customer delight has a greater effect on cognitive loyalty and affective loyalty in the group of first-time guests (or not recent guests in the past 3 years) ($\beta = .35$, $\beta = .53$) compared to the group of repeat guests ($\beta = .24$, $\beta = .41$). Customer satisfaction has a greater effect on cognitive loyalty and affective loyalty in the group of repeat guests ($\beta = .68$, $\beta = .45$) compared to the group of first-time guests (or not recent guests in the past 3 years) ($\beta = .63$, $\beta = .36$). For cognitive loyalty, there is no direct effect on conative loyalty in the group of first-time guests (or not recent guests in the past 3 years) while cognitive loyalty has a positive effect on conative loyalty in the group of repeat guests ($\beta = .85$).

Table 22. Path Coefficient of the Hypothesized Models between the Groups of First-Time Guests (or not recent guests in the past 3 years) and Repeat Guests

		First-Time Guests (n=1,018)	**Repeat Guests (n=640)**
Path	Hypotheses	Standardized Path Coefficient (β)	Standardized Path Coefficient (β)
Customer Satisfaction → Cognitive Loyalty	H1a	.63**	.68**
Customer Satisfaction → Affective Loyalty	H1b	.36**	.45**
Customer Delight → Cognitive Loyalty	H2a	.35**	.24**
Customer Delight → Affective Loyalty	H2b	.53**	.41**
Customer delight will have a greater influence on cognitive loyalty in comparison to satisfaction.	H3a	Not Supported	Not Supported
Customer delight will have a greater influence on affective loyalty in comparison to satisfaction.	H3b	Supported	Not Supported
Cognitive Loyalty → Conative Loyalty	H4	Non-Sig.	.33**
Affective Loyalty → Conative Loyalty	H5	.85**	.55**
Conative Loyalty → Action Loyalty	H6	.78**	.76**

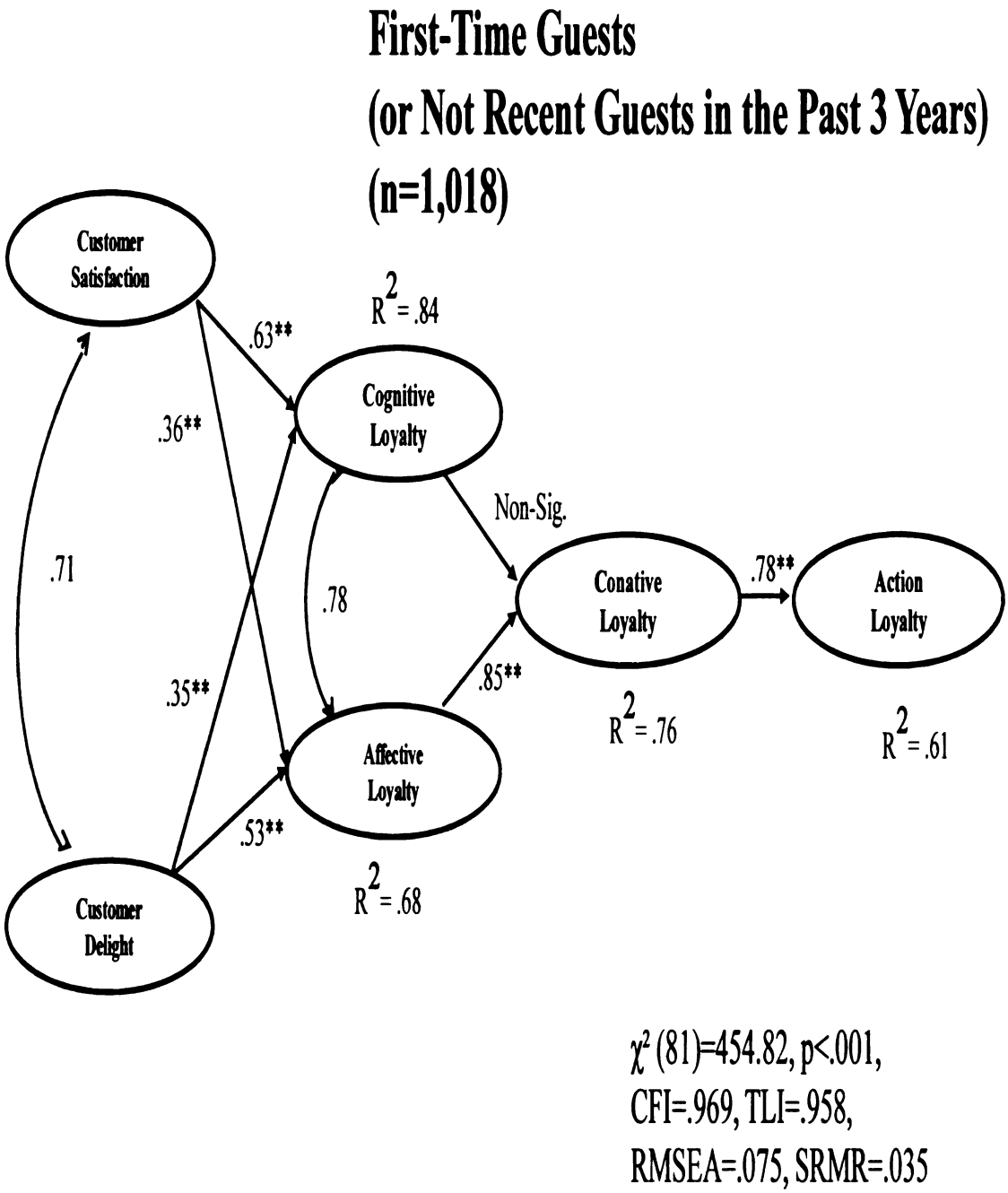

Figure 12. Results of Testing the Structural Model with Standardized Path Coefficients and Squared Multiple Correlations (A Group of First-Time Guests (or Not Recent Guests in the Past 3 Years)

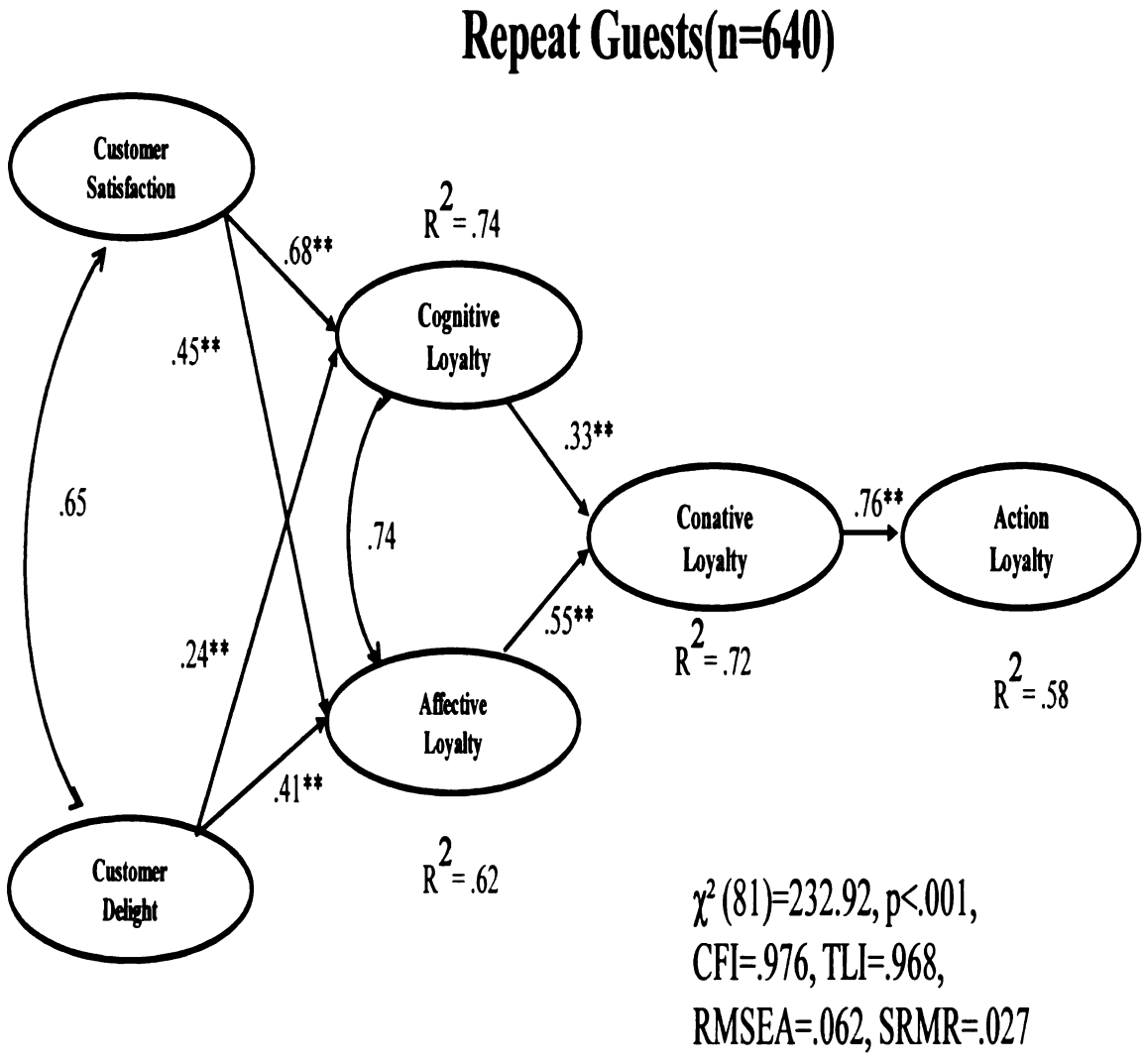

Figure 13. Results of Testing the Structural Model with Standardized Path Coefficients and Squared Multiple Correlations (A Group of Repeat Guests)

Additional Analysis between Loyalty Program Members and Loyalty Program Non-Members

Respondents were divided into two groups; loyalty program members and loyalty program non-members. In order to test the differences between these two groups, a two-group analysis was conducted. Table 23 presents the respondents' socio-demographic information for the two groups. Most of the characteristics were similar between the groups excluding characteristics of employment status and primary residence. The group of loyalty program non-members had a greater percentage of full-time employment and a group of loyalty program members had a greater percentage of primary residence in Michigan.

Table 24 shows the means of customer satisfaction, delight, cognitive loyalty, affective loyalty, conative loyalty, and action loyalty of these two groups. In order to investigate whether the two groups have statistically significant differences, analysis of variance (ANOVA) tests were performed. Table 25 shows that the mean differences in customer satisfaction, cognitive, affective, conative, and action loyalty were statistically significant at $p<0.05$ or $p<0.001$. The results showed that a group of loyalty program members had higher means of customer satisfaction, cognitive, affective, conative, and action loyalty. Two items under delight, "delighted" and "overjoyed," were also statistically significant at $p<0.001$. However, one item under delight, "positively surprised," was not statistically significant.

Table 23. Socio-Demographic Characteristics of Survey Respondents between Loyalty Program Members and Loyalty Program Non-Members

	Category	Loyalty Program Members (n=815)		Loyalty Program Non-Members (n=789)	
		Frequency	%	Frequency	%
Gender	Female	557	31%	544	70%
	Male	250	69%	233	30%
	Total	807	100%	777	100%
Race	African American/Black	13	2%	19	3%
	American Indian	27	3%	22	3%
	Asian or Pacific Islander	5	1%	6	1%
	European American/Middle East/White	659	83%	622	82%
	Hispanic/Latino/Latina	7	1%	4	1%
	Other	87	11%	85	11%
	Total	798	100%	1758	100%
Employment Status	Employed full-time	455	58%	488	64%
	Employed part-time	78	10%	72	9%
	Retired	109	14%	88	12%
	Self-employed	68	9%	64	8%
	Unemployed	34	4%	31	4%
	Other	46	6%	22	3%
	Total	790	100%	765	100%
Income	Less than $25,000	30	4%	24	3%
	$25,000-$34,999	40	5%	47	6%
	$35,000-$49,999	100	13%	75	10%
	$50,000-$74,999	168	22%	162	22%
	$75,000-$99,999	142	18%	126	17%
	$100,000-$149,999	130	17%	141	19%
	$150,000-$199,999	30	4%	40	5%
	$200,000 or more	10	1%	19	3%
	I prefer not to respond	131	17%	111	15%
	Total	781	100%	745	100%
Primary Residence	Michigan	573	71%	466	60%
	Ohio	79	10%	105	14%
	Canada	27	3%	52	7%
	Indiana	40	5%	31	4%
	Illinois	19	2%	31	3%
	Other	77	9%	104	12%
	Total	815	100%	789	100%
Age	Mean	48		47	

Table 24. Mean Difference in Satisfaction, Delight, Cognitive Loyalty, Affective Loyalty, Conative Loyalty, and Action Loyalty between Loyalty Program Members and Loyalty Program Non-Members

Constructs	Variable Names	Loyalty Program Members (n=815)	Loyalty Program Non-Members (n=789)	ANOVA (*p*)
Customer Satisfaction	SAT1 (Comfortable)	6.2 [a]	6.0	.004
	SAT2 (Satisfying)	6.2	5.9	.000
	SAT3 (Content)	6.3	6.0	.000
Customer Delight	DEL1 (Delighted)	5.9 [a]	5.6	.000
	DEL5 (Overjoyed)	5.1	4.7	.000
	DEL7 (Positively surprised)	5.0	5.0	Non. Sig.
Cognitive Loyalty	COG1 (More benefits)	5.9 [a]	5.5	.000
	COG2 (Right choice)	6.2	5.9	.000
Affective Loyalty	AFF3 (Like)	5.8 [a]	5.2	.000
	AFF4 (Love staying)	6.1	5.4	.000
	AFF5 (Says a lot about who I am)	5.2	4.5	.000
Conative Loyalty	CON1(Consider myself to be highly loyal to this hotel)	5.8 [a]	4.7	.000
	CON2 (Intend to continue staying at this hotel)	6.1	5.2	.000
Action Loyalty	ACT1 (Likelihood to return to this hotel in the next 6 months or less)	5.0 [b]	3.3	.000
	ACT2 (Likelihood to return to this hotel in the next 7-12 months)	5.9	4.6	.000
	ACT3 (Likelihood to return to this hotel in the next year (more than 12 months from now)	6.1	5.3	.000

Note: [a] Scale: Range from 1: strongly disagree to 7: strongly agree

[b] Scale: Range from 1: extremely unlikely to 7: quite likely

Hypothesized structural models of the two groups were also performed. The χ^2 difference test was used to test for the moderating effects on individual paths to examine

the groups' differences in individual paths. Table 25 presents the χ^2 difference results for path coefficients between groups. The χ^2 difference tests showed that the paths of Customer Delight --> Affective Loyalty, Cognitive Loyalty --> Conative Loyalty, and Affective Loyalty --> Conative Loyalty.

Table 25. χ^2 Difference Tests

Path	Difference in χ^2
Customer Satisfaction → Cognitive Loyalty	Non. Sig.
Customer Satisfaction → Affective Loyalty	Non. Sig.
Customer Delight → Cognitive Loyalty	Non. Sig.
Customer Delight → Affective Loyalty	8.29**
Cognitive Loyalty → Conative Loyalty	9.65**
Affective Loyalty → Conative Loyalty	8.24**
Conative Loyalty → Action Loyalty	Non. Sig.

Note: **Significant at p<.001

As shown in the Table 26, both the groups of loyalty program members and loyalty program non-members met the fit criteria (loyalty program members: χ^2 (81)=730.85, p<.001, CFI=.971, TLI=.963, RMSEA=.070, SRMR=.034; loyalty program non-members: χ^2 (81)=449.98, p<.001, CFI=.964, TLI=.953, RMSEA=.076, SRMR=.038).

Table 26. Comparison of Overall Fit Indices for Two Groups

	χ^2	*Df*	CFI	TLI	RMSEA	SRMR
Loyalty Program Members	730.85	81	.971	.963	.070	.034
Loyalty Program Non-Members	449.98	81	.964	.953	.076	.038

The goodness-of-fit measures were compared to assess which of the two models is better. As shown in the Table 25, both the proposed and competing models met the fit

criteria. The fit indices for two models were similar, showing that the two models had the same level of model fit (proposed model: χ^2 (81)=730.85, p<.001, CFI=.971, TLI=.963, RMSEA=.070, SRMR=.034; competing model: χ^2 (75)=711.59, p<.001, CFI=.972, TLI=.960, RMSEA=.072, SRMR=.033).

As shown in Table 27, the results provided that customer delight has a greater effect on cognitive loyalty and affective loyalty in the group of loyalty program non-members (β = .33, β = .54) compared to the group of loyalty program members (β = .30, β = .46). Customer satisfaction has a greater effect on affective loyalty in the group of loyalty program members (β = .40) compared to the group of loyalty program non-members (β = .36). Cognitive loyalty has a greater effect on conative loyalty in the group of loyalty program non-members (β = .64) compared to the group of loyalty program members (β = .31). Affective loyalty has a greater effect on conative loyalty in the groups of loyalty program members ((β = .56) compared to the group of loyalty program non-members (β = .35).

Table 27. Path Coefficients of the Hypothesized Models between the Groups of Loyalty Program Members and Loyalty Program Non-Members

		Loyalty Program Members (n=815)	**Loyalty Program Non-Members (n=789)**
Path	Hypotheses	Standardized Path Coefficient (β)	Standardized Path Coefficient (β)
Customer Satisfaction → Cognitive Loyalty	H1a	.63**	.65**
Customer Satisfaction → Affective Loyalty	H1b	.40**	.36**
Customer Delight → Cognitive Loyalty	H2a	.30**	.33**
Customer Delight → Affective Loyalty	H2b	.46**	.54**
Customer delight will have a greater influence on cognitive loyalty in comparison to satisfaction.	H3a	Not Supported	Not Supported
Customer delight will have a greater influence on affective loyalty in comparison to satisfaction.	H3b	Supported	Supported
Cognitive Loyalty → Conative Loyalty	H4	.31**	.64**
Affective Loyalty → Conative Loyalty	H5	.56**	.35**
Table 27. (cont'd)			
Conative Loyalty → Action Loyalty	H6	.76**	.56**

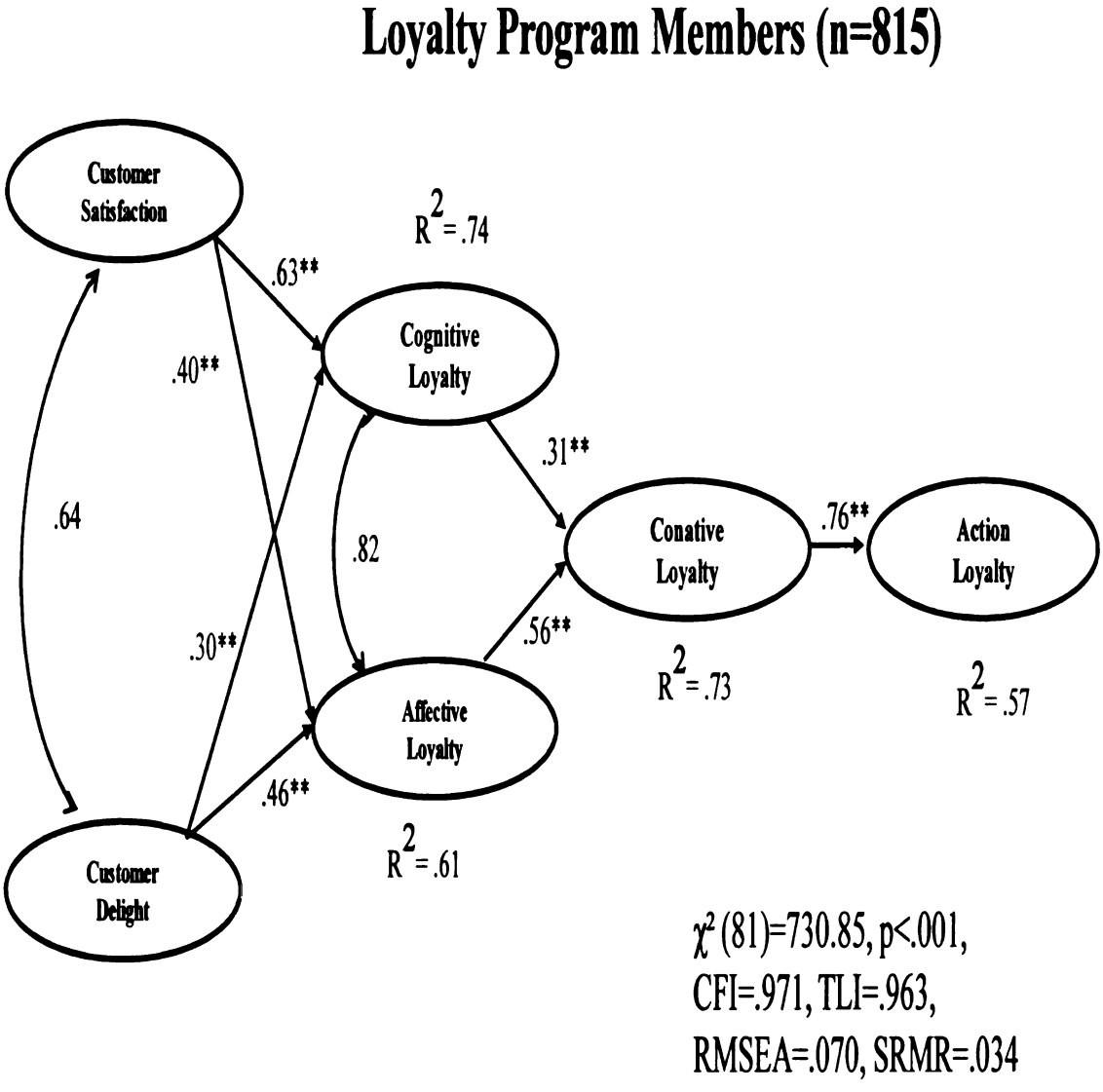

Figure 14. Results of Testing the Structural Model with Standardized Path Coefficients and Squared Multiple Correlations (A Group of Loyalty Program Members)

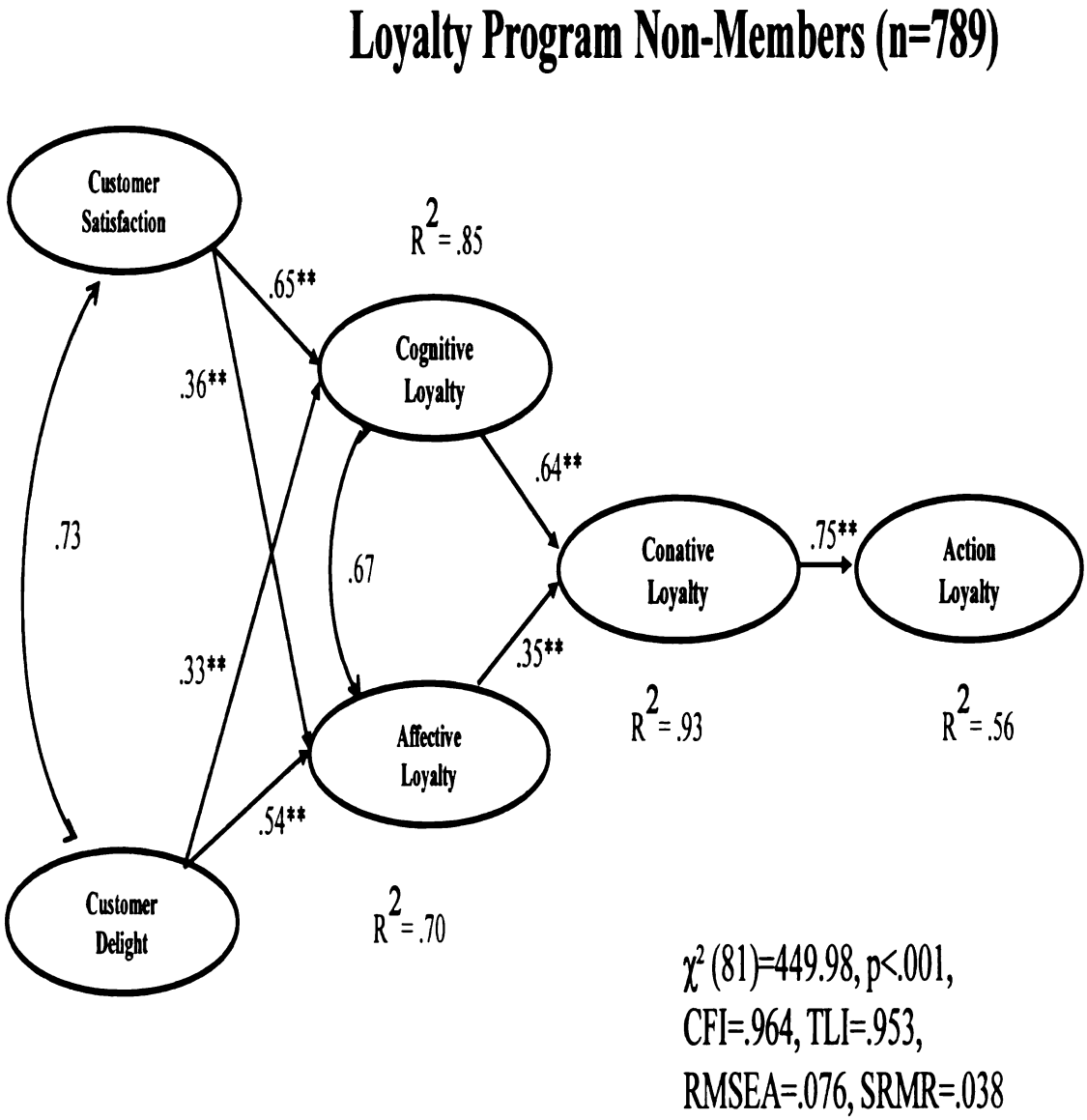

Figure 15. Results of Testing the Structural Model with Standardized Path Coefficients and Squared Multiple Correlations (A Group of Loyalty Program Non-Members)

Summary

This chapter presented the results on the customer satisfaction, delight, and loyalty model testing including six hypotheses tests summarized in Table 28. Additionally, this chapter showed the results of the groups' differences (e.g., First-time guests vs. Repeat guests, Loyalty program members vs. Loyalty program non-members). The next chapter discusses the results and implication of the study, as well as, opportunities for future research and limitations of this study. The results are presented with current literature perspectives and the theoretical contributions of the study are discussed including managerial implications.

Table 28. Summary of the Hypothesized Findings

	Hypothesis	Findings
H1a	Customer satisfaction will have a direct positive influence on cognitive loyalty.	Supported
H1b	Customer satisfaction will have a direct positive influence on affective loyalty.	Supported
H2a	Customer delight will have a direct positive influence on cognitive loyalty.	Supported
H2b	Customer delight will have a direct positive influence on affective loyalty.	Supported
H3a	Customer delight will have a greater influence on cognitive loyalty in comparison to satisfaction.	Not supported
H3b	Customer delight will have a greater influence on affective loyalty in comparison to satisfaction.	Supported
H4	Cognitive loyalty will have a direct positive influence on conative loyalty.	Supported
H5	Affective loyalty will have a direct positive influence on conative loyalty.	Supported
H6	Conative loyalty will have a direct positive influence on action loyalty.	Supported

CHAPTER 5

DISCUSSION, IMPLICATIONS, AND CONCLUSIONS

The purpose of this study was to examine the impact of customer satisfaction and delight on loyalty by empirically testing a model. Furthermore, the study aimed to better understand four phases of loyalty development: cognitive, affective, conative, and action loyalties. The subjects of this study were 1,660 (1,573 from an online survey, 87 from a paper survey) guests who stayed at a Midwestern resort hotel, during the summer of 2009 in the months of July, August, and September. All subjects completed either an online or paper survey instrument consisting of six sections and the respondents' demographic data and traveling characteristics. To answer the research questions, structural equation modeling (SEM) was conducted to explore the relationships between customer satisfaction, delight, and loyalty in a tourism and hospitality context. The Statistical Package for the Social Science (SPSS) was also used for all descriptive analyses including the frequency distributions.

This chapter consists of four sections: (1) summary of the important findings of this study and discusses the findings; (2) the theoretical and practical implications of the study are presented; (3) directions for future research and limitations of the study; and (4) conclusion with final comments.

Results of Hypotheses Testing and Discussion of the Findings

As presented in Figure 16, the conceptual model of this study was proposed to examine relationships among the constructs with six hypotheses.

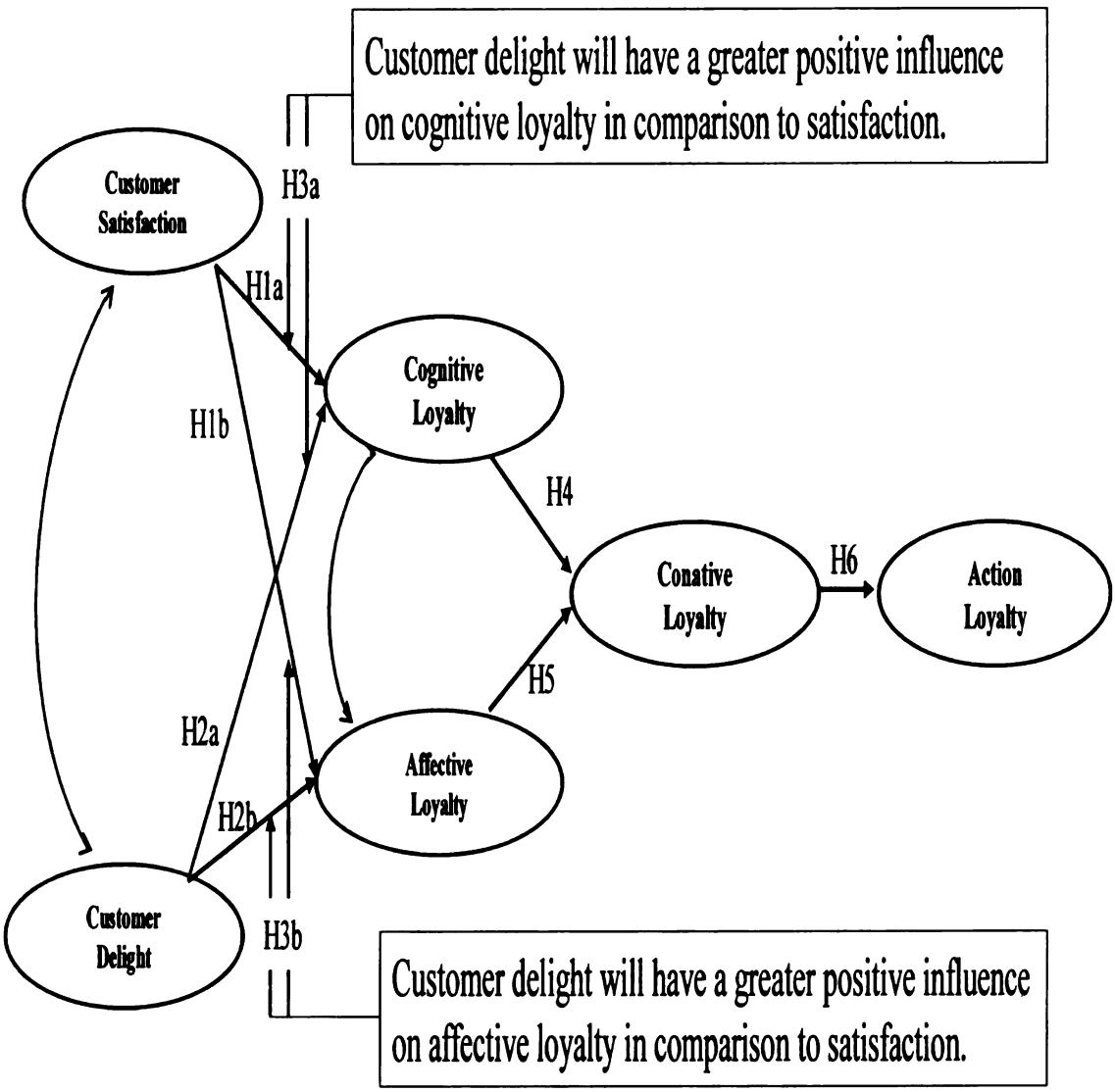

Figure 16. Proposed Conceptual Model

Hypotheses 1a & 1b: Customer satisfaction will have a direct positive influence on cognitive and affective loyalty.

The hypotheses regarding the direct influence of customer satisfaction on cognitive loyalty (H1a) and affective loyalty (H1b) were supported. These findings provide empirical evidence in support of previous studies that noted the positive relationship between customer satisfaction and attitudinal loyalty (Cronin and Taylor, 1992; Yi, 1990; Zeithaml *et al.*, 1996). Specifically, this finding shows that satisfaction influences positively cognitive and affective loyalty directly. These findings also indicate that respondents had a higher cognitive loyalty ($\beta = .69$) than affective loyalty ($\beta = .35$).

Hypotheses 2a & 2b: Customer delight will have a direct positive influence on cognitive and affective loyalty.

Hypotheses 2a and 2b were supported with the direct influence of customer delight on cognitive loyalty (H2a) and affective loyalty (H2b). This finding broadens the conceptualization of customer delight-related loyalty by providing empirical evidence and supports the literature review suggesting the important role of customer delight as a pivotal driver of loyalty (Hicks *et al.*, 2005; Kumar *et al.*, 2006; Oliver *et al.*, 1997; Patterson, 1997; Rust and Oliver, 1994; Westbrook and Oliver, 1991; Williams and Anderson, 1999). However, in the context of tourism and hospitality, empirical research of the relationship between delight and loyalty has not been studied much and remains in its infancy. Therefore, the current study constitutes one of the grounding steps toward investigating this relationship. The strength of the direct influence of customer delight on affective loyalty was higher ($\beta = .51$) than on cognitive loyalty ($\beta = .28$).

Hypotheses 3a & 3b: Customer delight will have a greater influence on cognitive & affective loyalty in comparison to satisfaction.

Hypothesis 3a was not supported. Customer delight had a weaker influence on cognitive loyalty ($\beta = .28$) in comparison to the influence of satisfaction on cognitive loyalty ($\beta = .69$). This finding challenges the proposition that customer delight is more likely to show loyalty than satisfied customers (Oliver *et al.*, 1997; Paul, 2000). Hypothesis 3b was supported. This finding indicates that customer delight had a greater influence on affective loyalty ($\beta = .51$) in comparison to the influence of satisfaction on affective loyalty ($\beta = .35$). This finding provides empirical evidence in support of previous studies that delight is a stronger emotion than satisfaction and can be discriminated as a different psychological state than satisfaction (Mano, 1991; Watson and Tellegen, 1985), and delight is directly related to positive affect (Hicks *et al.*, 2005; Oliver *et al.*, 1997).

Hypotheses 4 & 5: Cognitive loyalty and affective loyalty will have a direct positive influence on conative loyalty.

Hypotheses 4 and 5 were supported. Both cognitive and affective loyalty had significant and positive direct influence on conative loyalty. This finding suggests that both cognitive and affective loyalty directly contribute to conative loyalty, and thus supports the findings of previous loyalty studies which emphasized that cognitive and affective loyalty influence conative loyalty positively either directly or indirectly (Harris and Goode, 2004; McMullan and Gilmore, 2003; Oliver, 1997, 1999). This study proposes a new conceptual model of loyalty development as cognitive and affective loyalty directly influence conative loyalty. Affective loyalty had a stronger direct influence on conative loyalty ($\beta = .59$) in comparison to cognitive loyalty ($\beta = .31$).

Hypothesis 6: Conative loyalty will have a direct positive influence on action loyalty.

Hypothesis 6 was supported. Conative loyalty was found to have significant and positive direct influences on action loyalty ($\beta = .80$). This result supports a model of attitude-behavior linkage, which is theoretically grounded as attitudinal loyalty leads to behavioral loyalty (Ajzen, 1991; Breckler, 1984; Dick and Basu, 1994). This finding also indicates that there is a strong relationship between conative loyalty and action loyalty ($\beta = .80$), and 64 percent of the variance in action loyalty was explained by the influences of conative loyalty.

Implications

The findings of this study have both theoretical and practical implications. This section presents the theoretical contributions of this study to existing tourism and hospitality literature, and its practical implications for tourism and hospitality marketers.

Theoretical Implications

The present study has several theoretical implications for consumer behavior research. First, this study is one of few empirical studies on customer satisfaction, delight, and loyalty and provides a foundation for researchers in the understanding of the relationships between customer satisfaction, delight, and loyalty. In particular, this study extends support for the conceptualization of customer satisfaction and delight as distinct constructs (Hicks *et al.*, 2005; Oliver *et al.*, 1997; Rust and Oliver, 1994; Westbrook and Oliver, 1991). This study also shows that both customer satisfaction and delight are important antecedents of loyalty; particularly, customer satisfaction and delight have direct significant relationships with cognitive and affective loyalty. Furthermore, the strength of the impact of customer delight on affective loyalty has greater influence than

that of customer delight on cognitive loyalty, while the strength of the impact of customer satisfaction on cognitive loyalty is greater than that on affective loyalty.

Second, the findings of this study provide new insights by integrating customer satisfaction and delight concepts together in an effort to better explain customer loyalty. A number of researchers have previously highlighted the importance of customer delight (Hicks *et al.*, 2005; Kumar *et al.*, 2006; Oliver *et al.*, 1997; Patterson, 1997; Rust and Oliver, 1994; Westbrook and Oliver, 1991; Williams and Anderson, 1999). In particular, understanding a customer's emotional experience becomes critical in the tourism and hospitality industry area because there are many interactions with customers and staff during the consumption process in a service environment. Additionally, it is suggested that a mere customer satisfaction approach may be not enough in understanding customer loyalty (Hicks *et al.*, 2005; Oliver *et al.*, 1997; Williams and Anderson, 1999). Although researchers agree on the importance of emotional factors, such as customer delight being related to loyalty, there have been few empirical studies linking delight and loyalty. Therefore, this study extends support for the importance of customer delight as one of the primary antecedents of customer loyalty by empirically proving that customer delight directly leads to loyalty. Specifically, the present study showed that customer delight has a direct positive influence on cognitive and affective loyalty and customer delight has a greater impact on affective loyalty, in comparison to satisfaction.

A third theoretical implication of this study is its contribution to extend the existing literature on the customer loyalty formation process by attempting a new conceptualization of the loyalty dimension. Most earlier studies on the conceptualization of the loyalty dimension originated from Dick and Basu (1994) and Oliver (1997, 1999)

which suggested that loyalty formation starts from cognitive loyalty, followed by affective loyalty, to conative loyalty, and ultimately to action loyalty (Oliver, 1997, 1999). Based on Oliver's (1997, 1999) loyalty dimensions, many researchers have supported Oliver's four loyalty dimensions model by empirically testing the model and developing the measurement scales (Harris and Goode, 2004; Knox and Walker, 2001; McMullan and Gilmore, 2003; Tsaur, Chiu, and Huang, 2002). Meanwhile, other researchers challenged the cognitive-affective-conative loyalty sequences and proposed four unique phases of loyalty development (Back, 2001; Jones and Taylor, 2007; Li and Petrick, 2008). For example, Back (2001) and Li and Petrick (2008) suggested that the three attitudinal loyalty dimensions of cognitive, affective, and conative loyalty are not a sequential formation process but are independent concepts. Furthermore, this present study proposes a new conceptualization of loyalty development: the two loyalty dimensions, cognitive and affective loyalty, are independent and inter-relational components of attitudinal loyalty. This conceptualization is grounded in the psychology literature with cognition and affection as separate and independent concepts (Peter and Olson, 2005; Piaget, 1981; Stevens, 1970). This conceptualization was also empirically supported from the testing of the proposed model. Furthermore, this study is meaningful as one of a few empirical studies distinguishing the different impacts of cognitive and affective loyalty on conative loyalty. Additionally, while many researchers have focused on the cognitive aspects of loyalty, this study supports that affective loyalty is more likely to enhance conative loyalty than cognitive loyalty.

Last, this study extends the existing literature on the link of customer satisfaction and loyalty by providing empirical support. There are many studies that emphasize the

importance of customer satisfaction on loyalty (Ajzen and Driver, 1991; Chen and Gursoy, 2001; Shoemaker and Lewis, 1999; Yoon and Uysal, 2005) while some studies found customer satisfaction does not always have a significant influence on loyalty (Jones and Sasser, 1995; Stewart, 1997). However, the finding of this study reinforces the traditional view that there is a statistically strong and critical relationship between customer satisfaction and loyalty, and that customer satisfaction is one of main antecedents of loyalty (Mittal and Kamakura, 2001). Specifically, this study provides the ability to understand satisfaction from both cognitive and affective perspectives although satisfaction was focused on a more cognitive perspective in the previous studies. Based on Oliver's (1980) disconfirmation theory, satisfaction was primarily understood as a cognitive state resulting from cognitive evaluations between expectations and perceived performance which then leads to satisfaction (Bigné *et al.*, 2003; Oliver and Swan, 1989) and satisfaction also has a direct effect on cognitive loyalty (Back, 2005; Back and Parks, 2003; Finn; 2005, Oliver, 1997). However, in recent studies, the need to understand satisfaction incorporating both cognitive and affective perspectives has been increased (Bigné *et al.*, 2003; Mano and Oliver, 1993; Oliver, 1993; Oliver *et al.*, 1997; Westbrook and Oliver, 1991; Wirtz and Bateson, 1999; Wirtz *et al.*, 2000). Therefore, this study is meaningful to support satisfaction as an important antecedent, not only of cognitive loyalty, but of affective loyalty.

Practical Implications

Tourism and hospitality managers are facing a dynamic and competitive market environment as customers are becoming more sophisticated. To give better service and

increase customer loyalty, this study provides several practical implications for tourism and hospitality managers.

First, this study shows that managers need to understand the importance of not only customer satisfaction but also delight in directly driving customer loyalty. Managers have mostly focused on improving customer satisfaction to increase customer loyalty. Now, achieving mere customer satisfaction is not enough to get customers' attention and gain loyalty among other competitors; the changes in the tourism and hospitality industry demand more than customer satisfaction-style management. Therefore, being knowledgeable about customer delight can be a valuable motivator for managers in developing marketing strategy. They need to take steps to ensure the generation of both customer satisfaction and delight, which can provide stronger influences in the creation of customer loyalty.

As a good example of generating customer delight, Disney is known for having created one of the most popular and memorable destinations in the world. They are an expert in the tourism and hospitality industry and they worked to recreate that experience nationally by opening retail stores some years ago. Now they are remodeling those stores to create a whole new level of experience by spending around $1 million per store. They are redesigning the stores from a kid's perspective for "the best 30 minutes of a child's day." For instance, Disney is creating new activities using technology such as interactivity with film clips of a child's own choosing, karaoke contests, and live chats with Disney Channel stars via satellite. Through these unique customer experiences, the customers have the opportunities to see and feel something different every time they come into the store.

As an another example in the tourism and hospitality industry, and on the other end of the cost spectrum, Doubletree hotel has created a delightful service by greeting guests at check-in with a "sweet treat" of a complimentary, warm chocolate chip cookie. This small touch can create delightful memories without much cost.

One of the biggest concerns about customer delight is the effect of raising the bar of customer's expectations about future performances, making it more difficult for marketers to reliably create customer delight in the future (Arnold *et al.*, 2005; Rust and Oliver and Rust, 2000). Therefore, as a second implication of this study, managers need to understand that the key to successfully applying delight-generating strategies lies in the selective usage of the concept and in creating differentiated and personalized services so that the competitors are not able to easily copy the delight program. As a good example of accomplishing delight-generating strategies, the front-line personnel, those who are mostly in contact with customers, can be a critical source to deliver delight effectively through good relationships with customers. However, in today's labor market, keeping dedicated personnel is becoming more challenging (Keiningham and Vavra, 2001). Furthermore, long-term relationships with customers can provide more opportunities to exceed the customer's expectations and "wowing" them by building emotional bonds (Zeithaml and Bitner, 2003). In the process of developing loyal relationships, these delighting elements can provide additional psychological benefits to the customers. For example, in his book, "Hug Your Customers," Mitchell (2003) suggests many examples of the physical and psychological benefits of hugs for customers. Hence, training, motivating, empowering, and rewarding service staff should be emphasized as a critical

marketing strategy to evoke delightful experiences for customers and ultimately to provide a tool in the creation of customer loyalty.

Third, web-based social media such as customer blogs, review sites, and discussion boards would allow managers to apply marketing communication strategies and to create customer delight. Web-based social media can play a vital role, not just as a marketing channel, but as conversational marketing by transforming customers from content customers to content producers and building customer relationships (Knutson, 2010). Additionally, e-mail marketing can also be a powerful direct-to-customer distribution and marketing tool which allows companies to engage customers in personalized and mutually beneficial interactive relationships and sells the experience more efficiently.

Fourth, this study suggests that adding the four different phases of loyalty development to measure customer loyalty can be a good tool for managers to understand the loyalty of customers. To increase customer loyalty, companies must know and understand the key needs and wants that are important to their customers, recognizing that customers are not all the same, nor are their concerns and expectations (Keiningham and Vavra, 2001). Companies need to gather as much information as possible about the customers; thoroughly knowing and understanding customers is essential before a company can create delight for customers. Additionally, understanding customer's emotional connections with products and services can have the potential to generate a higher level of satisfaction, delight, and ultimately, loyalty for the company. Hence, by measuring customer satisfaction, emotions including customer delight, and the four different phases of loyalty, managers can utilize the information to understand individual

customer's preferences to offer personalized services with deep emotional experiences and they can design, target, and apply a marketing strategy based on their satisfaction, emotions, and different loyalty stages. As a result, the companies can be differentiated from other competitors and attract more business over competitors.

Fifth, this study can provide important knowledge and a tool for managers to segment customers according to their loyalty stage. Customers who are at different phases of customer loyalty may need differentiated strategies applied to them (Knox and Walker, 2001; McMullan and Gilmore, 2008). Specifically, the finding that affective loyalty has greater impact on conative loyalty, in comparison to cognitive loyalty, can be considered by marketers in the planning and implementation of loyalty programs. The importance of customers' positive emotions is not a new finding, but managers seem to have been slow to apply this into practice. Emotions can be at the heart of a marketing strategy, as these findings have shown. Therefore, managers need to understand which products and services can drive more customers to affective loyalty. As an example, the loyalty program is becoming a more important long-term marketing strategy for customer loyalty because retaining existing customers costs less than acquiring a new customer. However, most of the present loyalty programs offer points or savings as the key benefit and managers are not aware of a customer's emotion when they develop or implement the loyalty program even though customers are looking for personalized loyalty rewards and benefits. To offer the right type of rewards and benefits which can be found in specially designed personalized loyalty programs, managers need to have enough individual member preference information including the understanding of customers' emotions. Therefore, this study suggests that marketers need to develop a loyalty program not only

to reward loyal customers but also to effectively enhance affective loyalty, which is strongly related to conative loyalty and action loyalty either directly or indirectly.

Limitations and Future Studies

Although this study provides several theoretical and practical implications for the tourism and hospitality industries, there are several limitations and recommendations for further research. First, the model presented in this study fits the sample and the data well. To be generalized to other populations, the theoretical structure can be tested with different samples such as types of accommodations (e.g., business hotel, bed and breakfast), places (e.g., other states, other countries), and service industries (e.g., restaurant, airline, cruise).

A second limitation of this study relates to the action loyalty items in the survey. The items in measuring action loyalty may not be accurate in the likelihood to return/recommend to stay at this hotel. The respondents may respond inaccurately or just guess their willingness to return/recommend to visit this hotel. Thus, future research might need to consider measuring actual stays with the hotel studied and their recommendation of this hotel to validate the accuracy of action loyalty.

Third, although the model fits the data reasonably well with encouraging results, the discriminant validity of some latent variables in this study was relatively low. This was due to the high correlations among constructs. Future study is needed to conduct additional research on measurement scale improvement and discriminant validity, including further investigation of the relationship between the scale and the measures of the constructs. The scale could be also tested with another data set. Therefore, future research might enhance the model measures by improving the discriminant validity.

Finally, future research could benefit from pursuing other factors, which can be incorporated into the model. For example, socio-demographics, such as gender, might be different for customer satisfaction, delight, and loyalty. Particularly, for high-involvement products and services, there is a significant difference in customer satisfaction and loyalty by gender (Mittal and Kamakura, 2001). Additionally, future research would also need to consider differentiating various customer segments (i.e., male vs. female) and research methodologies (i.e., online vs. paper surveys) in the conceptual model developed in this study.

Conclusion

This study aimed to test the impact of customer satisfaction and delight on loyalty in the context of tourism and hospitality. The findings from this study demonstrate that cognitive and affective loyalty are directly influenced by customer satisfaction and delight, conative loyalty is directly influenced by cognitive and affective loyalty, and action loyalty is directly influenced by conative loyalty. The results of this study have both theoretical and practical value in that they fill gaps in previous tourism and hospitality research on customer satisfaction, delight, and loyalty. Furthermore, the results suggest a new conceptualization of the loyalty dimension. This study also provides important information on emotional factors such as customer delight and affective loyalty which are critical concepts related to loyalty. Future research, based on this study, should (1) replicate this study with a probabilistic survey sample, (2) validate the accuracy of action loyalty by measuring actual future return/recommendation, (3) improve measurement scales, and (4) extend this model by incorporating other possible factors that may influence customer satisfaction, delight, and loyalty.

APPENDICES

Table 29. Comparison of Demographic Characteristics between On-line Survey Respondents and Paper Survey Respondents

Characteristics	On-line Survey Respondents		Paper Survey Respondents		Group Difference Tests
	Frequency	%	Frequency	%	
Number of data	1,573		87		
Gender					Non. Sig.
Female	1,072	69%	60	70%	
Male	481	31%	26	30%	
Total	1,553	100%	86	100%	
Ethnicity					Non. Sing
African American/Black	30	2%	3	4%	
American Indian	51	3%	0	0%	
Asian or Pacific Islander	11	1%	0	0%	
European American/Middle East/White	1,246	82%	80	94%	
Hispanic/Latino/Latina	12	1%	0	0%	
Other	176	12%	2	2%	
Total	1,526	100%	85	100%	
Income					Non. Sig.
Less than $25,000	52	4%	6	7%	
$25,000-$34,999	83	6%	7	8%	
$35,000-$49,999	161	11%	20	24%	
$50,000-$74,999	327	22%	16	19%	
$75,000-$99,999	267	18%	8	10%	
$100,000-$149,999	268	18%	7	8%	
$150,000-$199,999	70	5%	1	1%	
$200,000 or more	33	2%	19	23%	
I prefer not to respond	229	15%	0	0%	
Total	1,490	100%	84	100%	
Employment status					.014
Employed full-time	931	67%	40	46%	
Employed part-time	15	1%	9	10%	
Self-employed	130	9%	8	9%	
Retired	179	13%	25	29%	
Unemployed	67	5%	1	1%	
Other	67	5%	4	5%	
Total	1,574	100%	87	100%	

Table 29 (cont'd)

Residency:				
MI				
OH	1,085	69%	67	76%
CANADA	189	12%	8	9%
IN	110	7%	2	2%
IL	47	3%	2	2%
Other (e.g., FL, NY, PA)	47	3%	0	0%
	94	6%	9	10%
Total				
	1,572	100%	88	100%
Average age		48		53
Average number of people in the household		3 Adults: 2 Children:1		3 Adults: 2 Children:1

Appendix B

Table 30. Comparison of Demographic Characteristics between Respondents and Non-Respondents

Characteristics	**Respondents**		**Non-Respondents**	
	Frequency	%	Frequency	%
Number of data	1,660	31%	3,731	69%
Residency:				
MI	1,137	70%	2,537	68%
OH	200	12%	410	11%
CANADA	102	6%	262	7%
IN	51	3%	149	4%
IL	51	3%	112	3%
Other (e.g., FL, NY, PA)	94	6%	260	7%
Total	1,635	100%	3,731	100%
Loyalty membership holder	815	50%	970	26%
Average money spent during the stay at the resort	$264		$259	
Average number of people in the household	3 Adults: 2 Children:1		3 Adults: 2 Children:1	

A Survey Questionnaire

Bavarian Inn Lodge Guest Survey

Thank you for accepting our invitation to participate in this important research. We are surveying recent overnight hotel guests.

This first section asks about *your recent visit* to the Bavarian Inn Lodge and Frankenmuth.

1. On this recent stay, did you consider staying at any other hotel, motel, bed & breakfast, or campground in the Frankenmuth area other than Bavarian Inn Lodge? *Please select one.*

☐ Yes *(If yes, which one(s)?)* _____ ☐ No

2. On this recent stay, did you consider staying at any other destination other than Frankenmuth for this vacation? *Please select one.*

☐ Yes *(If yes, which one(s)?)* _____ ☐ No

3. Are you currently a member of the Bavarian Inn Lodge loyalty program called the "Bavarian Inn Perks Club"? *Please select one.*

☐ Yes ☐ No, I have never been a member

☐ Not sure ☐ No, but I was a member in the past

4. Are you currently a member of any other hotel, motel, bed & breakfast, or campground loyalty program that you could have used in the Frankenmuth area? *Please select one.*

- ☐ Yes
- ☐ No, I have never been a member
- ☐ Not sure
- ☐ No, but I was a member in the past

This second section asks about *your planning, decision making, and hotel choice.*

5. What was the primary purpose of your recent stay at the Bavarian Inn Lodge? *Please select one.*

☐ Business ☐ Group/ Bus tour ☐ Leisure

6. How did you make a hotel choice or reservation for your recent stay at the Bavarian Inn Lodge? *Please select one.*

☐ Self-arranged **(continue to #7)** ☐ Pre-arranged by others **(skip to #9)**

7. Please indicate the importance of the following aspects of the Bavarian Inn Lodge when you selected this hotel for your recent stay. *Please select one for each item.*

	Very Unimportant			Neutral			Very Important
Friendliness of staff	1	2	3	4	5	6	7
Hotel amenities (pool, game room, free nightly entertainment)	1	2	3	4	5	6	7
Hotel location	1	2	3	4	5	6	7
Quality of food	1	2	3	4	5	6	7
Relationships established between staff and customers	1	2	3	4	5	6	7
Room cleanliness	1	2	3	4	5	6	7
Room comfort	1	2	3	4	5	6	7
Value for money	1	2	3	4	5	6	7

8. What influenced you to book your recent stay at the Bavarian Inn Lodge? *Please select all that apply.*

- ☐ AAA membership
- ☐ Billboard
- ☐ Brochure
- ☐ Bus tour
- ☐ Department of Transportation road sign
- ☐ E-mail promotion, newsletters offer
- ☐ Friend or family member recommended
- ☐ Highway welcome centers
- ☐ Hotel gift certificate
- ☐ Hotel membership card holder (Perks Club)
- ☐ Internet web site or search engine
- ☐ Meeting organizer
- ☐ Newspaper/Magazine
- ☐ Previous visit
- ☐ Special package rate
- ☐ Travel agent
- ☐ TV/Radio
- ☐ Visitors Center or Chamber of Commerce
- ☐ Walk-in
- ☐ Other (*please, specify*) _____

This third section asks about *your experiences during your recent stay* at the Bavarian Inn Lodge.

9. Who stayed with you on your recent stay at the Bavarian Inn Lodge? *Please select all that apply.*

- ☐ Alone
- ☐ Business acquaintances
- ☐ Clubs organized group
- ☐ Friends
- ☐ Others (*please specify*) _____
- ☐ Family members: (*please select all that apply*)
  - ☐ Children
  - ☐ Parents
  - ☐ Grandchildren
  - ☐ Siblings
  - ☐ Grandparents
  - ☐ Spouse
  - ☐ Other family members

10. What leisure activities did you do during your trip which included the Bavarian Inn Lodge? *Please select all that apply.*

- ☐ Attended a festival, event, or activity
- ☐ Dined at a unique restaurant in the Bavarian Inn Lodge
- ☐ Dined at the Bavarian Inn restaurant on Main Street
- ☐ Dined at Zehnder's restaurant on Main Street
- ☐ Dined at a unique restaurant outside of the Bavarian Inn Lodge
- ☐ Explored Frankenmuth city or town
- ☐ Participated in outdoor recreation (i.e., bike, golf, boat, swim and beach activities, fish etc.)
- ☐ Played in Bavarian Inn Lodge game rooms or indoor putt-putt golf
- ☐ Shopped in Birch Run
- ☐ Shopped in Riverplace
- ☐ Shopped on Main Street Frankenmuth
- ☐ Toured or drove for pleasure
- ☐ Visited a historic site
- ☐ Visited a local museum
- ☐ Visited/Shopped Farmer's market or Pick-your-own
- ☐ Visited a local or county park (e.g., sport fields, trails)
- ☐ Went swimming in Bavarian Inn Lodge's pools or whirlpools
- ☐ Other (*please specify*) _____

11. If you could describe your recent stay at the Bavarian Inn Lodge by an emotion or feeling, what would that emotion or feeling be? *Please type in the blank below.*

_____

12. Please indicate the extent to which each of the following statements accurately describes an emotion or feeling you had during your recent stay at the Bavarian Inn Lodge. *Please select one for each item.*

I felt _____ at some time during my stay at the Lodge.	Strongly Disagree			Neutral			Strongly Agree
Delighted	1	2	3	4	5	6	7
Grateful	1	2	3	4	5	6	7
Elated	1	2	3	4	5	6	7
Gleeful	1	2	3	4	5	6	7
Overjoyed	1	2	3	4	5	6	7
Pleased	1	2	3	4	5	6	7
Positively surprised	1	2	3	4	5	6	7
The Bavarian Inn Lodge had experiences/services which were unexpected and they delighted me.	1	2	3	4	5	6	7

This fourth section asks *about your satisfaction* with your recent stay at the Bavarian Inn Lodge and future planning with the Lodge.

13. Please indicate the extent to which each of the following aspects accurately describes your satisfaction with your recent stay at the Bavarian Inn Lodge. *Please select one for each item.*

	Very Unsatisfied			Neutral		Very Satisfied		Didn't apply to my stay
Friendliness of staff	1	2	3	4	5	6	7	☐
Hotel amenities (pool, game room, free nightly entertainment)	1	2	3	4	5	6	7	☐
Hotel location	1	2	3	4	5	6	7	☐
Quality of food	1	2	3	4	5	6	7	☐
Relationships established between staff and customers	1	2	3	4	5	6	7	☐
Room cleanliness	1	2	3	4	5	6	7	☐
Room comfort	1	2	3	4	5	6	7	☐
Value for money	1	2	3	4	5	6	7	☐

14. Please indicate the extent to which each of the following statements accurately describes your overall satisfaction with your recent stay at the Bavarian Inn Lodge. *Please select one for each item.*

Overall, Bavarian Inn Lodge was _____.	Strongly Disagree			Neutral			Strongly Agree
Comfortable	1	2	3	4	5	6	7
Pleasing	1	2	3	4	5	6	7
Satisfying to me	1	2	3	4	5	6	7
Overall, I was content at the Lodge.	1	2	3	4	5	6	7

15. Please indicate the extent to which each of the following statements accurately describes your thoughts about the Bavarian Inn Lodge. *Please select one for each item.*

	Strongly Disagree			Neutral			Strongly Agree
I believe the Lodge provides more benefits than other hotels of its type.	1	2	3	4	5	6	7
I made the right choice of hotel with the Lodge.	1	2	3	4	5	6	7
The Lodge's facilities are visually more appealing compared to other hotels of its type.	1	2	3	4	5	6	7
The Lodge has better value for my money compared to other hotel's prices of its type.	1	2	3	4	5	6	7
The Lodge provides me superior service quality compared to other hotels of its type.	1	2	3	4	5	6	7

16. Please indicate the extent to which each of the following statements accurately describes your emotion or feeling with the Bavarian Inn Lodge compare to other hotels of its type. *Please select one for each item.*

	Strongly Disagree			Neutral			Strongly Agree
I feel happy when I stay at the Lodge.	1	2	3	4	5	6	7
I feel grateful to the Lodge.	1	2	3	4	5	6	7
I like the Lodge more than other hotels of its type.	1	2	3	4	5	6	7
I love staying at the Lodge.	1	2	3	4	5	6	7
Staying in the Lodge says a lot about who I am.	1	2	3	4	5	6	7

17. Please indicate the likelihood to return to stay at the Bavarian Inn Lodge? *Please select one for each item.*

I will return to the Lodge in _____.	Extremely Unlikely			Neutral			Quite Likely
the next 6 months or less	1	2	3	4	5	6	7
the next 7-12 months	1	2	3	4	5	6	7
the next year (more than 12 months from now)	1	2	3	4	5	6	7

18. Please indicate the seasonal likelihood to return to stay at the Bavarian Inn Lodge? *Please select one for each item.*

I will return to the Lodge in _____.	Extremely Unlikely			Neutral			Quite Likely
Spring (March, April, May)	1	2	3	4	5	6	7
Summer (June, July, August)	1	2	3	4	5	6	7
Fall (September, October, November)	1	2	3	4	5	6	7
Winter (December, January, February)	1	2	3	4	5	6	7

19. Please indicate the likelihood to recommend the Bavarian Inn Lodge to others. *Please select one.*

	Extremely Unlikely			Neutral			Quite Likely
I will recommend the Lodge to others.	1	2	3	4	5	6	7

20. Please indicate the extent to which each of the following statements accurately describes your intention toward staying at the Bavarian Inn Lodge. *Please select one for each item.*

	Strongly Disagree			Neutral			Strongly Agree
I consider myself to be highly loyal to the Lodge.	1	2	3	4	5	6	7
I intend to continue staying at the Lodge.	1	2	3	4	5	6	7
I would change hotels if another hotel's staff was more friendly.	1	2	3	4	5	6	7
I would try an alternative hotel if it was less expensive than the Lodge.	1	2	3	4	5	6	7
I would try an alternative hotel if their loyalty program offered more benefits.	1	2	3	4	5	6	7
I would try an alternative hotel if the alternative hotel offered increased facilities/services to the Lodge.	1	2	3	4	5	6	7

This fifth section asks about *your past experience* with Bavarian Inn Lodge, Frankenmuth, and other hotels.

21. In the past three years, how many times have you stayed at other hotels, motels, bed & breakfasts, or campgrounds in the Frankenmuth area? *Please select one.*

☐ 0 times **(skip to #26)** ☐ 4-6 times ☐ 10-12 times
☐ 1-3 times ☐ 7-9 times ☐ More than 12 times

22. Approximately, what was the month and year of your last stay before this recent stay in the Frankenmuth area? *Please type in the month and year below.*

_____ Month _____ Year

23. In the past three years excluding this recent stay, how many times have you stayed at the Bavarian Inn Lodge? *Please select one.*

☐ 0 times **(skip to #26)** ☐ 4-6 times ☐ 10-12 times
☐ 1-3 times ☐ 7-9 times ☐ More than 12 times

24. Approximately, what was the month and year of your last stay before this recent stay at the Bavarian Inn Lodge during the past three years? *Please type in the month and year below.*

_____ Month _____ Year

25. In the past three years, how many times have you recommended the Bavarian Inn Lodge to others? *Please select one.*

☐ 0 times ☐ 4-6 times ☐ 10-12 times
☐ 1-3 times ☐ 7-9 times ☐ More than 12 times

The final section of this survey asks for *descriptive information* about you and your household. This information will be held in the strictest confidence and will only be used for statistic purposes.

26. Are you? *Please select a response.* ☐ Male ☐ Female

27. In which year were you born? *Please type a number.*
My birth year _____

28. In which U.S. state or foreign country is your primary residence located? *Please type it.*
Location of primary residence _____

29. What is the postal code of your primary residence? *Please type the numbers.*
Postal code _____

30. How many children and adults live in your household including yourself? *Please type a whole number in each field below.* Enter "0" if none.

Total number of people in your household (including yourself) _____
Number of children (18 years or younger) _____
Number of adults (19 years or older, including yourself) _____

31. Which one of the following best describes your ethnicity or race? *Please select one.*

☐ African American/ Black
☐ American Indian
☐ Asian or Pacific Islander
☐ European American/ Middle East/White
☐ Hispanic/ Latino/ Latina
☐ Other (*please specify*) _____

32. Which employment status best describes you at the time you visited Bavarian Inn Lodge? *Please select one.*

☐ Employed full-time
☐ Employed part-time
☐ Retired
☐ Self-employed
☐ Unemployed
☐ Other (*please specify*) _____

33. Which income category best describes your total annual household income before taxes in 2008? *Please select one.*

☐ Less than $25,000
☐ $25,000- $34,999
☐ $35,000- $49,999
☐ $50,000- $74,999
☐ $75,000 - $99,999
☐ $100,000-$149,999
☐ $150,000-$199,999
☐ $200,000 or more
☐ I prefer not to respond.

Thank you for completing this survey.

To enter a chance to win one grand prize of a Bavarian Inn Lodge stay, please fill out the contact information on the drawing ticket.

Everyone who completed this survey and sends us back this survey will receive $20, $40, $50, and half off your second chicken vouchers by email.

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