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Enhancing loyalty: When improving consumer satisfaction and delight matters

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Enhancing Loyalty: When Improving Consumer Satisfaction and Delight Matters

Abstract

Prior research has validated the importance of consumer delight and satisfaction for explaining consumer loyalty. This study extends our existing knowledge of how delight and satisfaction affect (in a nonlinear way) consumer loyalty. It explains a negative quadratic relationship between satisfaction and loyalty intentions, as well as a negative cubic relationship between delight and loyalty intentions. Contrary to satisfaction, delight unfolds its full impact at lower levels, but only after a threshold level is exceeded. Like satisfaction, the delight effect becomes saturated at very high levels. Furthermore, both delight and satisfaction effects weaken with increased prior consumption experiences. Thus, when they invest in delight and satisfaction, managers should consider their individual marginal impacts on loyalty and distinguish between consumers with reference to their prior consumption experiences.

Keywords

Delight, Satisfaction, Loyalty, Prior Consumption Experience, PLS-SEM, Nonlinear Effects

1. Introduction

Understanding how to create and enhance consumer loyalty is crucial for firms across a wide range of industries—spanning consumer goods and service industries—to generate revenue (e.g., Brady, Voorhees, & Brusco, 2012) and improve profitability (e.g., Lee et al., 2014). Knowledge about these aspects does, however, remain theoretically and empirically ambiguous. Although there is a presumption that efforts to strengthen satisfaction will bolster loyalty (Carlson, O'Cass, & Ahrholdt, 2015; Hackman et al., 2006; Wu, 2016; Yoo & Park, 2016), Kumar, Pozza, and Ganesh (2013), as well as Dolnicar, Coltman, and Sharma (2015), suggest that the link between satisfaction and loyalty is not as strong as generally assumed (for recent examples, see Brown, Smith, & Assaker, 2016). For instance, the link might be nonlinear (Kumar et al., 2013) and delight might also affect loyalty (Oliver, Rust, & Varki, 1997), which means that it would be insufficient to consider satisfaction as the sole (linear) antecedent of loyalty.

Getz and Page (2016) reinforce this notion by suggesting that merely examining how satisfaction impacts on future intention neglects the important role that other antecedents of intention—particularly emotional ones (Rychalski & Hudson, 2017)—may play. Leaning on Oliver et al. (1997), we thus emphasize the important complementary, but separate, role that consumer delight plays in influencing loyalty (intentions). Whereas satisfaction is a cognitive evaluation of a service's pleasurable consumption fulfillment (Finn, 2005), delight is the "key emotional response" (Finn, 2012, p. 100) to a consumption experience. Rather than reflecting "a higher level of customer satisfaction" (Albayrak & Caber, 2015, p. 49) or an "emotional satisfaction" (Kuppelwieser & Sarstedt, 2014, p. 2624), delight has a positive effect on loyalty, parallel and separate to that of satisfaction.

Although research on the role of delight has increased (Collier & Barnes, 2015; Hosany & Prayag, 2013), empirical insights into how satisfaction and delight simultaneous affect loyalty remain inconclusive. Very few studies consider both satisfaction and delight as

antecedents of loyalty. Moreover, they produce divergent findings. In certain empirical settings (see 2.1), delight has a positive effect on loyalty, parallel to that of satisfaction (Ahrholdt, Gudergan, & Ringle, 2017; Finn, 2005, 2006; Kim, 2011; Kim, Vogt, & Knutson, 2015; Loureiro, 2010; Oliver et al., 1997; Wang, 2011). However, in others no such influence is found (Finn, 2005, 2006; Oliver et al., 1997), or an effect of satisfaction on loyalty is not found when that of delight is significant (Bartl, Gouthier, & Lenker, 2013).

Prior studies lack large-scale data that capture judgments about real-life consumption situations, which may limit the insights that are produced. Our study is original in that it offers a novel theoretical conceptualization that enables us to address three relevant questions that prior studies have not answered: Do satisfaction and delight simultaneously act as antecedents of loyalty? Are their effects on loyalty parallel and nonlinear? And does consumer involvement (given previous experiences) moderate their effects on loyalty? In addition, our study draws on two separate data sets that capture judgments of real-life consumption experiences (i.e., each data set comprises approximately 3,000 event visitors).

In this study, we extend the understanding about satisfaction's and delight's effects on loyalty by drawing on Kumar et al. (2013), Oliver et al. (1997), and Finn (2012). We bear in mind Getz and Page's (2016) suggestion to further advance theorizing about the emotional aspects of event experiences and applicable types of engagement (e.g., involvement). Our study draws on prospect theory, which assumes that losses and gains are evaluated according to a reference point, whereby marginal gain and loss values decrease in size when the distance from the reference point increases; this leads to an effect pattern that resembles an s-shaped curve. Prospect theory has been applied to conceptualize the satisfaction-loyalty relationship (Homburg, Koschate, & Hoyer, 2005) and is—according to Rychalski and Hudson (2017), as well as McCabe, Li, and Chen (2016)—an appropriate theoretical basis for supporting nonlinear effects in consumer decision making in a service consumption context. By conceptualizing loyalty intentions to reflect value evaluations that are reference dependent on

satisfaction and delight, we theoretically ground hypotheses that substantiate their nonlinear effects on loyalty. This substantiation is important, because knowledge about nonlinear effects allows for efficiently allocating resources when seeking to engender loyalty (Masiero, Pan, & Heo, 2016). Extending our nonlinear conceptualization, we (in line with the requests by Dolnicar et al., 2015; Eisenbeiss et al., 2014; Finn, 2012; Kumar et al., 2013; Oliver et al., 1997) examine involvement's moderating effect (Wang, Gudergan, & Lings, 2008). Since the theoretical base that supports this moderating effect is underdeveloped, we lean on the accessibility-diagnosticity model (Feldman & Lynch Jr., 1988). Theoretically, this model explains consumer involvement—that reflects the level of prior (consumption) experience (LPE) with an event service provider—as a possible factor. This can weaken object-centered perceptions, such as satisfaction (Ngobo, 1997) or delight, if this involvement supports alternative perceptions or produces a preexisting affective polarization toward an object (Feldman & Lynch Jr., 1988).

This paper's conceptual and empirical insights are significant for the following reasons: First, satisfaction and delight as separate, parallel antecedents of loyalty are quite distinct. Second, the existence of the negative cubic effect of delight—resembling an s-shaped curve that is steep in the middle and flat at lower and higher delight levels—are both confirmed in an event service context. Third, since the analyses of satisfaction's impact did not establish the flat part of the s-shaped curve for lower levels, satisfaction's negative cubic effect is only partially confirmed. Satisfaction's marginal effect on loyalty decreases in size with increasing satisfaction levels, thereby leading to a concave shape of the relationship and a saturation zone for very high levels of satisfaction—similar to a negative quadratic relationship. These insights help clarify the inconsistent previous results for the separate, parallel effects that delight and satisfaction have on loyalty, because the existence of lower and higher levels of delight (i.e., where the relationship with loyalty is flat), and satisfaction levels within the saturation zone, complicates identifying significant (linear) effects. Fourth, the study confirms

that the effects of both satisfaction and delight weaken as LPE with an event service provider increases. This result helps explain findings regarding delight's and satisfaction's insignificant effects on loyalty at very high LPE, and the weak, or even insignificant, effects that satisfaction has in more mature relationships (Kumar et al., 2013; Ranaweera & Menon, 2013).

2. Theoretical Foundations and Hypotheses

2.1 Satisfaction, Delight, and Loyalty

Conceptualizing the parallel roles of satisfaction and delight as antecedents of loyalty draws on Oliver et al. (1997). Loyalty is "a deeply held commitment to re-buy and re-patronize a preferred product or service constantly in the future …" (Oliver, 1999, p. 34). Loyal consumers also recommend their service provider (Hosany & Prayag, 2013; Magnini, Crotts, & Zehrer, 2011).

Prior studies have in common that satisfaction with a firm's service incorporates cognitive elements, emotional elements, or both (for an overview see Finn, 2012). There is less agreement on the concept of delight. Certain studies conceptualize delight as a positive, nonlinear response to satisfaction at very high levels (i.e., the delight zone of satisfaction; Eisenbeiss et al., 2014; Kumar et al., 2013; Ranaweera & Menon, 2013), which is associated with increasing (i.e., positive nonlinear) returns at higher satisfaction levels, but also with specific, more complex, forms of nonlinearity (e.g., dual thresholds with cubic relationships between satisfaction and loyalty). However, studies that investigate the shape of the satisfaction-loyalty relationship provide divergent results (e.g., Dong et al., 2011; Eisenbeiss et al., 2014; Finn, 2012; Ranaweera & Menon, 2013).

The debate about satisfaction's cognitive and emotional elements explicitly distinguished between satisfaction and delight. Oliver et al. (1997) emphasize their parallel, but separate, roles. Other authors likewise suggest that delight is not a nonlinear extension of satisfaction. They suggest that delight is rather emotional in nature and unlike satisfaction that has a

cognitive nature, which makes them separate constructs (Ahrholdt et al., 2017; Kim, 2011; Kim et al., 2015; Loureiro, 2010; Wang, 2011). Nevertheless, satisfaction and delight both arise from a comparison process that considers needs and relies on experience (Oliver et al., 1997). Both satisfaction and delight reflect judgments that capture an entire consumption experience. For example, in an (sport) event context, satisfaction and delight may be a function of several consumption experiences over time (Sarstedt et al., 2014). Satisfaction is therefore the end state of a cognitive process during which consumers compare their expectations with the subjectively perceived value they receive from their consumption. Satisfaction arises from a favorable agreement between the consumer's expectation and the perceived consumption experience (Oliver et al., 1997).

Lower-order needs (i.e., utilitarian benefits), which reflect feelings of confidence and security, and which reduce the likelihood of a painful consumption experience, underlie satisfaction (Augustín & Singh, 2005; Chitturi, Raghunathan, & Mahajan, 2008). Satisfaction is therefore a hygiene factor (Augustín & Singh, 2005) and necessary to establish loyalty. Alternatively, delight is a positive emotional state that arises from a surprising experience that vastly exceeds expectations (Oliver et al., 1997). However, research confirms that surprise is not required for delight, and highlights the importance of joy, which is associated with important experiences. In turn, higher-order, hedonic (enjoyment-related) needs underlie feelings of delight (Augustín & Singh, 2005; Chitturi et al., 2008; Eisenbeiss et al., 2014). As a central emotional response to a consumption experience (Finn, 2012), delight arises from a positive service performance, arousal, and a positive experience affect (Oliver et al., 1997). As a positively valenced state, delight corresponds to a strong desire for future recurrences (Chitturi et al., 2008; Oliver, 2010) and can coexist with mere satisfaction (Finn, 2005, 2012; Oliver et al., 1997; Wang, 2011).

Research results that view delight—in parallel with satisfaction—as a linear antecedent of loyalty, diverge on whether delight affects loyalty. Oliver et al. (1997) find that the loyalty

(i.e., intention to revisit) felt by a symphony concert audience depended on their delight, which had a weaker effect than satisfaction; conversely, theme park visitors' delight had no influence on their loyalty. On examining satisfaction's quadratic and interaction effects, Finn (2005) does not confirm delight's effect on loyalty. Later, Finn (2006) finds strong variations in the impact of delight and satisfaction on behavioral loyalty intentions across different data sets (e.g., website services and survey respondents). Wang (2011)—using single-item scales—finds that both delight and satisfaction affect loyalty to a restaurant (with delight exerting a stronger influence). Kim (2011) presents similar results for the antecedents of tourist (affective) loyalty. However, in other (event or hospitality) service contexts, Ahrholdt et al. (2017), Kim et al. (2015), and Loureiro (2010) find that satisfaction influences loyalty more than delight does. Finally, in an online retailing setting, Bartl et al. (2013) confirm the significant effect of delight on loyalty intentions, but not the significant effect of satisfaction. In sum, previous empirical research has produced divergent findings. We resolved this by studying whether these effects are nonlinear with possible "zone[s] of apathy" (Kumar et al., 2013, p. 249), or, as Oliver (2010) and Finn (2012) speculate, contingent on situational, or personal, characteristics in that certain moderating variables may affect the effects.

Yet, only Finn (2012) has set out to answer the question—if delight is a distinct response to satisfaction or an upper zone of a positive nonlinear response—by examining the linearity of satisfaction's influence on behavioral intentions, while controlling for delight measured as a distinct response in a retail setting. His results suggest that satisfaction has a negative cubic effect on loyalty intentions (i.e., an s-shaped curve that is steep in the middle and flat at the beginning and the end), but that delight has a positive quadratic effect (i.e., a convex relationship). However, at present there is no theoretical rationale for these empirical results yet. Furthermore, Finn (2012) examined a relatively mundane website setting with an experimental data collection method (twenty online retailers, twenty recruited respondents, a simulated user task capturing pre-transaction satisfaction and delight data). This setting may

have truncated the delight values by curtailing the transaction experience and inducing low situational involvement indicated by "the limited amount of delight generated" (Finn, 2012, p. 106). This range restriction could have obscured delight's full response function, thereby limiting the ensuing inferences. Correspondingly, Finn (2012) calls for research that uses contexts in which emotional responses are more likely and data that capture judgments about real-life consumption situations.

2.2 Nonlinear Effects of Satisfaction and Delight

The formation of loyalty relates to the extent to which a consumer perceives the need and desire to consume the same product or service again, subject to the expected, but uncertain, value that is associated with the consumption (Dong et al., 2011; Ngobo, 1999). Thus, the value of loyalty-related behavior is based on the assumed ability of the product or service to meet a consumer's needs and desires (Dong et al., 2011; Ngobo, 1999). Since satisfaction captures a consumer's experience of pleasurable consumption fulfillment and since delight captures a consumer's experience of a positively valenced emotional state, the expected value of loyalty-related behavior can be posited as being a function of both satisfaction (Dong et al., 2011; Ngobo, 1999) and delight. It is therefore appropriate to adopt a value perspective of the satisfaction-loyalty and delight-loyalty relationships.

According to prospect theory (Kahnemann & Tversky, 1979), which can be applied to a variety of (consumption) decisions and perceptual dimensions (e.g. satisfaction), consumers assign value to gains and losses on the basis of a reference point, rather than to maximize an absolute value. This process leads to the value function having a functional shape: concave above the reference point, but convex below it (Kahnemann & Tversky, 1979). We propose that this principle applies to the evaluation of changes in both delight and satisfaction, and, consequently, specifies their nonlinear relationship with loyalty. This argument mirrors Homburg, Koschate, and Hoyer's (2005) previously suggested prospect theory-based conceptualization of the satisfaction-loyalty relationship (omitting, though, delight's separate

role). While their study failed to empirically confirm this functional relationship, Finn's (2012) empirical results support it, although they have not been theoretically explained.

When applying prospect theory to the satisfaction-loyalty and delight-loyalty relationships, two aspects are important. First, satisfaction and delight judgments are reference-dependent. For example, the reference point is the expected satisfaction level, namely the satisfaction level achieved if consumer expectations are met (Eisenbeiss et al., 2014). Satisfaction received above the reference point is considered a gain, whereas satisfaction below this standard of comparison is perceived as a loss. Second, given that the expected satisfaction level represents the reference point for evaluating a service encounter's realized satisfaction (Eisenbeiss et al., 2014), evaluations of satisfaction exhibit diminishing sensitivity. These marginal gain and loss values decrease in size with increasing distance (above or below) from the reference point (Homburg et al., 2005; Kahnemann & Tversky, 1979). In these regards, prospect theory also emphasizes loss aversion (i.e., a steeper function for losses than for gains). Such asymmetric effects are beyond the scope of this study. This leads to the described functional relationship between satisfaction and loyalty, which is an s-shaped curve that is steep in the middle and flat at the lower and higher levels of satisfaction. We expand Homburg et al.'s (2005) view of the satisfaction-loyalty relationship by applying prospect theory as a theoretical foundation to explain both satisfaction's *and* delight's nonlinear relationships with loyalty.

Our application is based on the following premises: First, reference point-dependent judgments may concern different foci, such as different product quality aspects (Mazumdar, Raj, & Sinha, 2005) and service attributes (Gudergan & Ellis, 2007; Mathies, Gudergan, & Wang, 2013). We therefore anticipate that event service consumers have separate reference-dependent evaluations of satisfaction and delight when they develop loyalty intentions. Second, consumers repeatedly seek experiences that they anticipate will fulfill their needs and induce positive feelings (Frederik & Loewenstein, 1999). Bolton (1998) also argues that

consumers engage in continuous relationships, due to their expected (future) value. Third, delight—as a function of a positive consumption experience, arousal, and affect—arises from a comparison process that involves hedonic needs (Chitturi et al., 2008; Oliver et al., 1997). Adaptation and reference point formation can exist in relation to affective dimensions (e.g., delight), because these hedonic states direct consumers' attention to high-priority needs and motivate them to engage in loyalty behaviors to fulfill such needs (Frederik & Loewenstein, 1999). Correspondingly, Rychalski and Hudson (2017) have recently shown that prospect theory can be extended to the domain of emotions.

In sum, we argue that according to prospect theory, event service consumers not only apply reference-dependent judgments to the satisfaction-loyalty relationship, but also to the delight-loyalty relationship. For event service consumers, we postulate as follows -

H_{1a}: Satisfaction has a negative cubic relationship with loyalty.

H_{1b}: Delight has a negative cubic relationship with loyalty.

Our hypotheses for these negative cubic effects represent a theoretical extension whereby we do apply prospect theory not only to explain the relationship between satisfaction and loyalty, but also to clarify the relationship between delight and loyalty. The latter argument is novel and advances extant reasoning about the formation of loyalty.

2.3 Experience with the Service Provider as a Moderator

Oliver et al. (1997) discuss context-contingent diagnosticity (i.e., although they observed nearly identical average delight levels in the two contexts that they studied, the strength as input for a consumer's loyalty judgement varied) and concluded "Future work would benefit from the individual-level study of consumers expressing various levels of involvement… (p. 331)." They do not, however, specify their understanding of involvement, except for referring to the consumer's interest. Despite Oliver et al.'s (1997) conclusion and Kumar et al.'s (2013) call for research that analyses satisfaction's (and other variables') possible changing impact on loyalty during the individual service relationship and the

consumer's involvement (e.g., how often consumers have used a service) (Nilsson-Witell & Fundin, 2005), respectively, empirical insights into the role of involvement-related variables (e.g., previous experience and familiarity) are inconclusive. Only Ahrholdt et al. (2017) have made efforts to assess the possible moderating effect of previous experience on the linear satisfaction-loyalty and delight-loyalty relationships. The results of their study indicate, however, that satisfaction and delight are in all likelihood correlated. If correlation is present and nonlinear terms are not added to the model before implementing moderation terms, the observed moderation may indicate positive signs, whereas the true moderation is, in fact, negative (Ganzach, 1997).

We acknowledge Oliver et al.'s (1997) discussion and adopt the accepted view about involvement, namely that it captures the relevance of a stimulus (e.g. product or service) for an individual (Eisenbeiss et al., 2014; Greenwald & Leavitt, 1984; Zaichkowsky, 1985). In an overview, Visser, Bizer, and Krosnick (2006) outline a variety of "involvement" operationalizations; they conclude that "importance," "knowledge," or "elaboration" capture personal relevance as a facet of involvement. A consumer's knowledge, which is based on familiarity that reflects "the number of product related experiences that have been accumulated by the consumer" (Alba & Hutchinson, 1987, p. 411), provides the basis for this study to capture involvement. We therefore analyze the possible role of LPE (i.e., the sport event visitors' LPE with a particular venue that involves a certain club). Although research has also developed more complex involvement scales (Laurent & Kapferer, 1985; Zaichkowsky, 1985), operationalizing involvement in a straightforward way—as LPE does—not only captures the notion of a stimulus having personal relevance that matters; it is also consistent with the above presented reasoning by Oliver et al. (1997) and Oliver's (2010, p. 116) view of involvement as a correlate of familiarity and experience that captures the cumulative insights gained by consumers during their previous interactions with the event service provider.

Leaning on the implicit reference to diagnosticity by Oliver et al. (1997), and acknowledging Kumar et al. (2013), we substantiate the moderating role of LPE based on the accessibility-diagnosticity framework (Feldman & Lynch Jr., 1988) and related adaptions (Ngobo, 1997, 1999). This framework explains how informational cues in a consumer's memory affect memory-based judgements (e.g., loyalty-related intentions). The extent to which potential informational cues (e.g., satisfaction and delight levels that are experienced) serve as value components that concern loyalty-related intentions (Levitt, 1980; Ngobo, 1997; Raju & Reilly, 1980), depends on their accessibility and diagnosticity (Feldman & Lynch Jr., 1988; Ngobo, 1997). Accessibility describes how easily an informational cue is accessed; diagnosticity describes how strong this cue is for a loyalty judgement. A cue's value-contribution (i.e., satisfaction or delight) in a loyalty judgement will be a positive function of its accessibility in a consumer's memory, a positive function of its diagnosticity, and a negative function of the accessibility, as well as diagnosticity, of other cues in a consumer's memory.

According to the accessibility-diagnosticity framework, the diagnosticity of such cues is influenced by a consumer's involvement and knowledge structures (e.g., captured through LPE) (Feldman & Lynch Jr., 1988; Raju, Lonial, & Mangold, 1995). Generally, temporarily and easily activated perceptual dimensions—e.g. satisfaction and delight (Dagger & O'Brien, 2010; Johnson & Eagly, 1989; Ngobo, 1997; Suh & Yi, 2006)—have disproportionate diagnosticity for stimulus-related evaluations (e.g., value evaluations of loyalty-related intentions) (Feldman & Lynch Jr., 1988). This effect is strengthened for less experienced consumers such that the lower the LPE, the more those cues are weighted which, like satisfaction and delight, are easily understood and familiar to the consumer from service experiences in other product or service categories (Alba & Hutchinson, 1987; Feldman & Lynch Jr., 1988). By producing a preexisting affective polarization towards the stimulus that results in more habitual loyalty-related intentions (Feldman & Lynch Jr., 1988; Ngobo, 1997),

an increased LPE does indeed weaken the diagnosticity of easily activated perceptual dimensions, such as satisfaction and delight.

We therefore postulate as follows for event service consumers -

H_{2a}: A greater LPE weakens the relationships between satisfaction and loyalty.

H_{2b}: A greater LPE weakens the relationships between delight and loyalty.

3. Empirical Analysis

3.1 Sample and Data Collection Procedure

This study draws on spectator sport events to examine the relationship of service consumer satisfaction and delight with loyalty. This setting has been used in noteworthy prior studies to investigate the service firm-consumer relationship (Harris & Ogbonna, 2008) and to answer Finn's (2012) call for using a setting in which emotional responses are likely. It is also appropriate, because the sports event industry is "in the early throes of programmatic loyalty" (Oliver 2010, p. 443).

We collected data from venue visitors at two central European, major league soccer clubs' sport events. Approximately 50,000 visitors usually attend the clubs' venues once or twice per month. Through an online survey—accessible for four weeks via the sport clubs' homepages—we collected satisfaction, delight, and loyalty data about these visitors. After excluding incomplete surveys, the data sets comprised 2,876 (Data 1) and 3,062 (Data 2) respondents. In terms of socio-demographic information (age, gender, place of residence)—the average age was 32.53 (Data 1) and 29.06 (Data 2) years, of whom 83.48% (Data 1) and 83.73% (Data 2) were male—and given the clubs' data, the samples are representative of the attendees. Contingency tests to identify non-response biases (by comparing completed and not completed forms regarding the provided demographic information) and outliers did not indicate any concerns.

3.2 Construct Measures

Based on discussions with the clubs' marketing managers and pretests with attendees, we adapted established measurement scales: Following Finn's (2012) recommendation, we assessed cumulative satisfaction by adapting his (2005) reflective, five-point Likert satisfaction scale (Wang, 2011). We substituted one item (i.e., feeling comfortable) with one used by Anderson and Fornell (2000) (i.e., the pleasurable fulfillment of an expectation) (also see Oliver et al. (1997). We adapted Finn's (2012, 2005) three-item scale to test consumer delight, and expanded it with one item to capture an arousal aspect (i.e., unforgettable experience; cf. Oliver, 2010; Oliver et al., 1997). In line with Finn (2012, 2005), we introduced the delight scale by inquiring about the frequency of the respondents' feelings during their visit as reflected in a set of statements, which led us to use a five-point Likert scale (ranging from never to always).[1]

We used two items (i.e., recommendation and revisit intention) and a five-point Likert scale (Finn, 2012) to gauge loyalty (Table 1). Following Alegre and Cladera (2009), as well as Raju, Lonial, and Mangold (1995), we used one LPE item and measured the visitors' self-reported number of previous visits to the specific sport club's venue.

–INSERT-TABLE-1-HERE–

Valid conclusions about satisfaction's and delight's nonlinear effects require ratio data (i.e., equal interval data with a true zero point; Finn, 2012), and a full range of satisfaction and delight values. Ratio scales data can be assumed here: The data from multiple-item Likert rating scales can be treated as interval data (Finn, 2012), with "never" (i.e., numerical value of zero; Frederik & Loewenstein, 1999) being the true zero point of the delight scale, while that

[1] Previous research suggests that team skill performance is positively associated with sport event service quality (Ko, Zhang, & Cattani, 2011) and that general competitive success may have positive effects on the fans' perceptions of a club's benefits (Bauer, Stokburger-Sauer, & Exler, 2008). Sports performance may therefore be a satisfaction and/or delight component. However, neither competitive success, nor the team itself, are empirically confirmed as a central driver of fans' utility perception—such that other service dimensions can insulate these aspects (Brady & Cronin, 2001)—in comparison to contextual factors (e.g., the stadium atmosphere), which have greater relevance (Bauer et al., 2008). Moreover, Yoshida, Heere and Gordon (2015) also provide empirical evidence that game satisfaction has no significant bearing on behavioral intentions and actual behavior. Given the mixed results, the role of sports performance is not considered here.

of the satisfaction scale captures the absence of satisfaction (i.e., "nothing" exists for this variable; Anderson, Sweeney, & Williams, 2011). Both data sets capture a full range of satisfaction and delight values, although the data are skewed towards higher values, which is to be expected. The majority of those experiencing low levels will presumably not continue consuming the service. 9.2% (9.5%) of the satisfaction data in Data 1 (Data 2) consists of low values; 9.6% (6.0%) of the delight data in Data 1 (Data 2) consists of low values.

3.3 Estimation Procedure and Results

Variance-based PLS modeling is a suitable procedure for estimating and testing the hypothesized relationships in our path model with latent variables (Hair et al., 2017). PLS supports the estimation of complex models and the unrestricted use of moderator variables and nonlinear terms. For this purpose, it is possible to include interaction, quadratic, and cubic terms in the model. Further, PLS supports predictions, and the prediction-oriented results assessment (Evermann & Tate, 2016; Shmueli et al., 2016). It also offers various basic and further advanced analysis procedures (Hair et al., 2018).

We followed the procedures suggested by Hair et al. (2017) and Sarstedt, Ringle, and Hair (2017) to analyze the interaction and nonlinear effects. A two-stage approach is particularly appropriate for estimating the models in our study variables. First, we estimated a structural model (M0)—in which both satisfaction and delight had direct linear effects on loyalty (Table 2)—to systematically analyze these and obtain the latent variable scores (LVS) (cf. Finn, 2012). Next, we built polynomial terms as element-wise products of satisfaction's and delight's LVS. Both the nonlinear term(s) and LVS served as independent variables in a multiple linear regression of loyalty's LVS.

–INSERT-TABLE-2-HERE–

The SmartPLS 3 software (Ringle, Wende, & Becker, 2015) was used to estimate the PLS models. Table 3 shows the results of the models' successive extension estimations (cf.

Finn, 2012). In a two-step approach (Hair et al., 2017), we first evaluated the reflective measurement model M0, followed by the structural models M1–M6.

–INSERT-TABLE-3-HERE–

3.4 Results Evaluation

Delight, satisfaction, and loyalty rely on reflective measurement models, and the qualitative criteria discussed in Hair et al. (2017) support this a priori theoretical decision. We assessed the measurement models' M0 mode ex post, as well as empirically, by using a confirmatory tetrad analysis, which can be applied in PLS (CTA-PLS; Gudergan et al., 2008; Hair et al., 2018). The reflective conceptualization was supported.

The indicators in the reflective measurement models offer sufficient loadings for M0—above the conservative threshold of 0.7—for both data sets. S4 is the exception (0.6 with Data 1 and Data 2), which we retained, because smaller loadings are acceptable (Hair et al., 2017) and the analysis of further evaluation criteria yielded good results for both data sets. The average variance extracted (AVE) values, which support discriminant validity, were appropriate (Table 2), as was the cross-loadings analysis. The HTMT criterion, which is a superior and more rigorous criterion than the Fornell-Larcker test, offers further support. In order to assess potential common method bias problems, we applied Harman's (1976) single-factor test. In both data sets, the first factor accounts for less than 50% of the overall variance (Podsakoff & Organ, 1986), thereby indicating that common method variance probably does not have a bearing on the results. We also conduct the marker variable approach as a more elaborated technique to assess the presence of potential common method bias issues in PLS (Chin et al., 2013). The marker variable has a non-significant effect of less than 0.1 for both data sets. Hence, common method bias is not a critical issue in this study.

Table 3 provides the significance values and the relative importance of the path coefficients for M1 to M6 in terms of the magnitude of their standardized values. The bias-corrected and accelerated (BCa) bootstrapping procedure was used with 1,000 subsamples

and the "no sign change option" (Hair et al., 2017). The variance that the models (R^2) explained is a key criterion for evaluating the structural model's quality. Supplementary to ΔR^2, which illustrates additionally explained variance, we draw on the f^2 effect sizes to evaluate each included variable's contribution. The R^2 value increased continuously from M1 to M6; M6 explained 70.43 percent (56.41 percent) of the loyalty intensions in Data 1 (Data 2). The cubic satisfaction term (S^3) was not significant (except for M3 in Data 1), and the f^2 effect size was 0 in Data 2 when we included s-cubed in the model. In contrast, both the positive path coefficients and the negative path coefficients of the linear and the quadratic satisfaction terms were significant, while the f^2 of the S-square construct was sizeable in both data sets. Consequently, our analysis indicated that satisfaction has a negative quadratic effect on loyalty, rather than a negative cubic effect. We thus excluded the s-cubed term from the subsequent analysis. The LVS' functional plot of satisfaction (x-values) and loyalty (y-values) derived from M6 (Figure 1) illustrates the satisfaction-loyalty relationship.

–INSERT-FIGURE-1-HERE–

Delight contributes substantially to explaining loyalty. The continuous R^2 increases from M4 to M6 when we included D-square and D-cubed. Furthermore, the (negative) path coefficients for both terms in all the relevant models indicated delight's negative cubic effect (i.e., an s-shaped curve that is steep in the middle and flat at the lower and higher levels of delight) (Figure 2), despite the D-squared and D-cubed having small f^2 effect sizes. In the related context of moderation, Kenny (2015) outlines that 0.005, 0.01, and 0.025 constitute standards for small, medium, and large effect sizes, but explains that these values are optimistic. Overall, the results support H_{1b}.

–INSERT-FIGURE-2-HERE–

These assessments lead to our final model (with S, S^2, D, D^2, and D^3), which is discussed in Section 4. We conducted a supplementary PLS moderator analysis to address context

contingency and examine LPE's role; its average value was 10.76 (10.72) visits in Data 1 (Data 2) (Hair et al., 2018).

–INSERT-TABLE-4-HERE–

The results substantiate satisfaction's and delight's previously identified nonlinear effects on loyalty. They also confirm LPE's negative moderating effect on the main (i.e., linear) relationships between satisfaction and loyalty, as well as between delight and loyalty. However, the negative moderating effects on the quadratic and cubic terms are not significant. The moderator model M7 explains 71.7 percent (Data 1) and 59.0 percent (Data 2) of the loyalty variance. Compared to M6, including the moderator in the model increases the R^2 by 1.27 and 2.59 percentage points. The f^2 effect size values yield satisfactory results. Altogether, H_{2a} and H_{2b} are partially supported.

In order to assess the predictive relevance of the model estimations, we use the blindfolding procedure to obtain the Stone-Geisser Q^2 criterion (Hair et al., 2017). In addition, we consider the PLSpredict Q^2 criterion (Shmueli et al., 2016), which uses training and holdout samples to determine the out-of-sample predictive quality of results. The Q^2 values of loyalty was above 0 for both data sets and all models. Thereby, we substantiate the predictive relevance of the results and findings.

4. Discussion

The empirical analyses of data from an event service setting reveal the sizable positive nonlinear effects of delight on loyalty, parallel to those of satisfaction (Tables 3 and 4). Contrary to Finn (2012), but in line with Kumar et al.'s (2013) conclusion that satisfaction in itself is not sufficient to explain differences in loyalty, we find that delight has a stronger effect than satisfaction (Table 3 and 4). In addition to the prospect-theory-based substantiation of the model's effects, we move closer to explicating the functional forms through which satisfaction and delight influence loyalty.

First, and different to Finn (2012) results, we find that delight has a negative cubic effect on loyalty (i.e., steep effects in the middle and otherwise flat effects), which supports H_{1b} and suggests that prospect theory is applicable and consumers apply reference-dependent evaluations of delight when forming their loyalty (intentions), such that marginal gain and loss values decrease in size with increasing distance (above or below) from the reference point. The flat effect at the lower margin must be overcome before delight can exert its strong impact and there is a saturation zone for delight's incremental effect at very high levels. Although partly speculative, these flat effects at the margins might explain inconsistent previous findings pertaining to delight's linear effect on loyalty: Delight levels within these "non-effect zones" complicate the identification of a significant linear effect, because changes in delight yield no, or only very minor, incremental changes in loyalty. The negative cubic relationship between delight and loyalty also corresponds to the understanding of delight as an emotional *state;* delight is an all-or-none proposition (Rossiter, 2011) and its potential to influence loyalty is likely to unfold similarly. The support for H_{1b} extends Finn's (2012) results regarding a convex relationship. Since "the limited amount of delight" (Finn, 2012, p. 106) that Finn's research setting generated (i.e., failure to capture delight ratings at the higher levels that define the concave part) obscured the full delight response function, our approach is likely to reveal this more fully. This echoes Rychalski and Hudson's (2017) views that prospect theory can be extended to the domain of emotions (i.e., delight).

Second, contrary to Bartl et al. (2013), our data indicate satisfaction's effect on loyalty, which is negative quadratic (i.e., each positive slope of the linear effects on loyalty decreases with greater satisfaction). Analogous to Finn (2012), we confirm that satisfaction's effect on loyalty reaches a saturation zone, which corresponds to the view of satisfaction as a hygiene factor (Augustín & Singh, 2005) that is focused on expected service performance reference levels (Oliver et al., 1997).

Our results do not undeniably confirm prospect theory's application to the more cognitive component (i.e., satisfaction) and the hypothesized negative cubic relationship between satisfaction and loyalty. The cubic satisfaction term (S^3) showed the assumed sign in Data 1. While significant for M3 and borderline significant for M4 to M5, the results of Data 2, in which S^3 was insignificant, do not indisputably indicate the convex part of the s-shape curve (Figure 1 and Table 3). We thus find partial support for a negative cubic relationship between satisfaction and loyalty as postulated in H_{1a}.

Although both data sets capture a full range of satisfaction and delight values, the skew toward higher satisfaction values might have obscured satisfaction's hypothesized negative cubic impact. Owing to insufficient satisfaction ratings at the lower levels, this obscuring might have allowed the data to only confirm the concave—and not the convex—relationship (below the reference point). Finn's (2012) mundane website setting and associated data are the exception in this regard. Ultimately, partially supporting H_{2a} and H_{2b}, LPE's negative moderation effect on the main (i.e., linear) part of the nonlinear satisfaction-loyalty and delight-loyalty relationships is confirmed, where delight and satisfaction evoke less loyalty when the LPE increases. Although partly speculative, these findings could complement Ahrholdt et al.'s (2017) results, which failed to confirm a moderation of the linear satisfaction-loyalty relationship, but indicated a positive moderation of the linear delight-loyalty relationship. The latter might, however, be negative, due to the omission of nonlinear effect analyses and the correlation of the moderator variable with delight (and satisfaction) (Ganzach, 1997).

Since theoretical foundations that support this moderating role are underdeveloped, we lean on the accessibility-diagnosticity model (Feldman & Lynch Jr., 1988). It theoretically explains consumer involvement as a possible factor that can weaken easily activated perceptions, such as satisfaction or delight, if this involvement supports alternative perceptions or draws attention to a preexisting affective polarization (Feldman & Lynch Jr.,

1988). This, in turn, might explain the results reported in previous research where the estimated linear effects of satisfaction and/or delight were insignificant, potentially because the effects might have been weakened through involvement that was not accounted for.

This study draws on applying the accessibility-diagnosticity model and finds that involvement is making loyalty growth via satisfaction and delight in parts of the relationships more difficult, because the effects of satisfaction and delight on event visitors' loyalty is reduced in the main (i.e., linear) part of nonlinear relationships. This insight provides a possible further explanation concerning the eventual insignificant effects of delight and satisfaction on loyalty: The linear part of the curve may be extremely flat if the LPE is sufficiently high, thereby leading to a rather flat curve in general.

5. Implications

Service providers often struggle to maintain adequate quality levels with their limited budgets. The efficient management of loyalty is therefore one of their primary objectives. As antecedents of loyalty, prior conceptualizations of satisfaction and delight are inconclusive in terms of whether the expected returns from satisfying or delighting consumers are worth the investment. Our findings, therefore, have significant managerial implications. Contrary to Dixon, Freeman, and Toman's (2010) view, as well as Finn's (2005) and Oliver et al.'s (1997) theme park setting results, we show that consumers' expected value regarding a loyalty decision can be posited as a function of satisfaction *and* of delight. Firms should therefore not merely strive to improve satisfaction by fulfilling utilitarian benefits that reflect feelings of confidence and security to reduce the likelihood of a painful consumption experience (cf. 2.1.); firms should take the important complementary, but distinct, role of delight into account and also fulfil hedonic benefits reflecting emotions of joy and excitement (cf. 2.1). For instance, it can be very helpful to emphasize consumption experiences that come with utilitarian benefits, which are functional and instrumental (Chitturi et al., 2008) through, for example, embedding security personnel throughout all phases of a consumption experience or

incorporating avant-garde high-quality venue technologies (e.g., interactive and/or 3D-video boards). However, producing hedonic benefits that are aesthetic and experiential (Chitturi et al., 2008) could also be emphasized by, for example, drawing on an appealing and exclusive venue design. Then, incorporating highly unexpected service features—for example, high quality supporting services that are unrelated to the core service (e.g., massage services in a restaurant)—can assist in creating delight for (but not satisfying) consumers (Wang, 2011).

Furthermore, when seeking to optimize the cost-benefit ratio, our results specify that managers should not disregard nonlinear effects (cf. Masiero et al., 2016), which determine the cost-benefit relationship. Thus, it is important for managers to understand that—in line with prospect theory—consumers assign value to gains and losses of delight on the basis of a reference point (with decreasing incremental effects and with an increasing distance from the reference point), rather than maximizing the absolute value when arriving at their loyalty decision. Incremental resources should therefore be allocated to overcome the "non-effect zone" at lower levels in order to reach moderate levels of delight (i.e., producing delight, which occasionally includes happiness and related feelings) to high levels of delight (i.e., producing those feelings quite often)—but not extraordinarily high levels. Similarly, since evaluations of satisfaction exhibit diminishing sensitivity with a saturation zone at very high levels, managers should not assign incremental resources to achieve extraordinarily high levels of satisfaction. Furthermore, the persistent conventional view—that investing in the satisfaction or delight of the entire consumer base pays off—is not an adequate one. On the contrary, as the LPE's negative moderating effect on the main (i.e., linear) parts of satisfaction's and delight's relationships with loyalty indicates, our results show that the marginal returns on loyalty vary with increased satisfaction and delight, not only across different satisfaction and delight levels (as functional nonlinearities reflect), but also across consumers with identical perceived levels, thereby shedding light on Kumar et al.'s (2013) question concerning the possibly changing impact of satisfaction (and other variables) on

loyalty throughout the service relationship. In line with Nilsson-Wittell & Fundin (2005), we show that consumer satisfaction (and delight) are dynamic (i.e., they have different diagnosticity over time), depending on how often consumers have used a service (cf. LPE).

As such, managers may benefit from segmenting consumers on the basis of satisfaction and delight intensity levels, as well as on the basis of LPE. It may also be useful to consider alternative perceptions or a preexisting affective polarization toward the event (or service provider), which might exist on the consumer side with increased LPE levels.

6. Conclusion

Kumar et al. (2013) suggest that models predicting loyalty should encompass not only satisfaction, but also theoretically substantiated supplementary antecedents, moderators, or both, as well as nonlinear relationships. Oliver et al. (1997) offer insights into the important complementary, but often neglected (Eisenbeiss et al., 2014; Kumar et al., 2013; Ranaweera & Menon, 2013), role of delight as a loyalty driver. Delight is the "key emotional response" (Finn, 2012, p. 100) to a consumption experience, along with that of satisfaction, which is cognitively connoted. Nevertheless, previous research on how delight and satisfaction impact on loyalty has produced inconsistent conceptualizations and findings. Our research is original in that it advances our understanding of satisfaction's and delight's parallel effects on loyalty by addressing these key limitations. By focusing on sport events as a growing segment within the service industry and ensuring external validity, we use a setting in which emotional responses (i.e., delight) are likely, thereby responding to Finn's (2012) call. Moreover, drawing on two large data sets that capture actual judgments of real-life consumption experiences, which Finn (2012) also suggested, the study finds that prospect theory is relevant and applicable to the domain of loyalty (intentions), since it implies that loyalty judgments are reference-dependent for delight and in all likelihood also for satisfaction. A negative quadratic relationship between satisfaction and loyalty, as well as a negative cubic relationship between delight and loyalty, are confirmed. By extending the nonlinear conceptualization and leaning

on the accessibility-diagnosticity framework (Feldman & Lynch Jr., 1988), we theoretically clarify the role of consumer involvement by using LPE as a moderator. Our empirical data support LPE's negative moderating effect on the main (i.e., linear) parts of the satisfaction-loyalty and delight-loyalty relationships.

Despite our valid results and consistent findings across two data sets, this study has limitations. First, it captures the loyalty intentions of (sport) event consumers. In order to enhance the generalizability—and also to explain the slight R^2 difference between the two samples—the results should be substantiated by considering sports (service) performance (see footnote 1) and other contextual factors (e.g., visitors' cultural differences) also through longitudinal research designs. Second, our inability to confirm satisfaction's hypothesized flat effect for low levels of satisfaction suggests that further research should retest our hypotheses. Further research should also retest the applicability of prospect theory with a research design. Such a research design should fully capture satisfaction's lower values and measure both delight and satisfaction with typical ratio scales that focus clearly on the felt reality of the investigation's focal object.

Third, because our results show moderating effects for only the direct linear relationships—and not for the quadratic or cubic ones—we suggest extending the study by incorporating different involvement facets. This could be done by, for example, capturing the level of social identification with the event provider, or by explicitly distinguishing between state (chronic, enduring relevance) and trait involvement (personal relevance) (Feldman & Lynch Jr., 1988, p. 430). Then, depending on the level of perceived delight and satisfaction, a more fine-grained investigation might also reveal whether LPE's effect varies in strength.

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Table 1: Reflective measurement models

Latent Variable		Reflective Measures	Source
Satisfaction	S1	I found the visit satisfying.	Finn (2005); Wang (2011)
	S2	The visit was as good as I expected.	Finn (2005)
	S3	In comparison with my expectation, the visit was ideal.	Anderson and Fornell (2000)
	S4	The visit was satisfactorily, worth the time and money I spent on it.	Finn (2005); Wang (2011)
Delight	D1	I was delighted by the visit.	Finn (2005, 2012); Wang (2011)
	D2	I (will) happily talk about the visit.	Finn (2005, 2012)
	D3	I was elated with the visit.	Finn (2005, 2012)
	D4	The visit was an unforgettable experience.	Oliver (2010); Oliver et al. (1997)
Loyalty (intention)	L1	I am likely to recommend visiting the venue.	Chitturi et al. (2008); Finn (2005, 2012)
	L2	I am likely to revisit the venue again.	Finn (2005, 2012); Oliver et al. (1997); Wang (2011)

Table 2: Linear model estimations

		Path to Loyalty		R^2		Composite Reliability		Average Variance Extracted	
		Data 1	Data 2	Data 1	Data 2	Data 1	Data 2	Data 1	Data 2
M0	Delight	.600***	. 533***			.958	.914	.852	.726
	Satisfaction	.246***	.203***			.879	.854	.652	.598
	Loyalty			.649	.464	.927	.891	.864	.803

***/ **/ * Significant at 1 / 5 / 10 percent.

Table 3: Main results

		Path to Loyalty		R^2		ΔR^2		Effect Size f^2	
		Data 1	Data 2	Data 1	Data 2	Data 1	Data 2	Data 1	Data 2
M1	S	.712***	.546***	50.67	29.79				
M2	S	.474***	.374***	58.44	44.25	7.77	14.46		
	S^2	–.367***	–.417***					.187	.259
M3	S	.502***	.356***	59.78	44.32	1.34	0.07		
	S^2	–.729***	–.370***						
	S^3	–.398**	.062 n.s.					.033	0.00
M4	S	.122***	.101***	69.75	55.17	9.97	10.85		
	S^2	–.385***	–.251***						
	S^3	–.104 n.s.	.099 n.s.						
	D	.526***	.442***					.330	.242
M5	S	.149***	.142***	70.00	56.01	.25	.84		
	S^2	–.342***	–.215***						
	S^3	–.105 n.s.	.050 n.s.						
	D	.436***	.324***						
	D^2	–.111**	–.175***					.008	.020
M6	S	.156***	.138***	70.43	56.41	.43	.40		
	S^2	–.288***	–.187***						
	S^3	–.030 n.s.	.107 n.s.						
	D	.388***	.287***						
	D^2	–.594***	–.474***						
	D^3	–.463***	–.298***					.015	.009

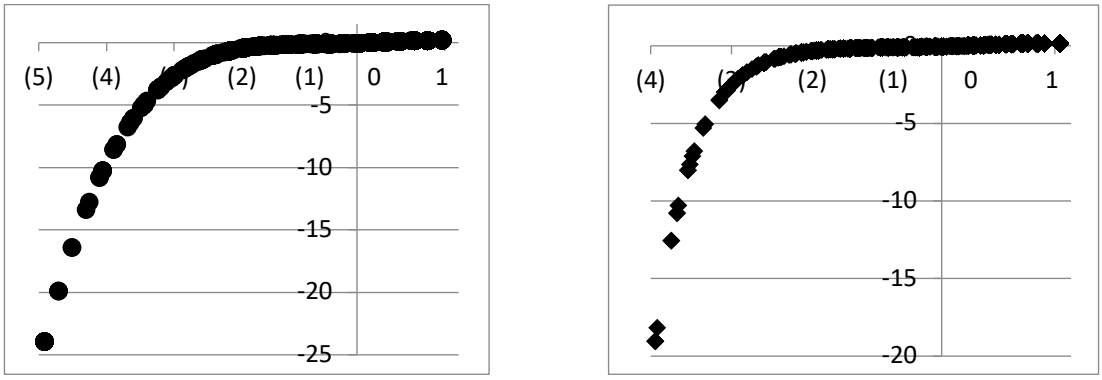
***/ **/ * Significant at 1 / 5 / 10 percent.

Table 4: Moderator analysis

		Path to Loyalty		R^2		ΔR^2		Effect size f^2	
		Data 1	Data 2	Data 1	Data 2	Data 1	Data 2	Data 1	Data 2
M7	S	.165***	.190***	71.70	59.00	1.27	2.59		
	S^2	–.254***	–.292***						
	D	.340***	.261***						
	D^2	–.532***	–.332***						
	D^3	–.516***	–.238*						
	S×LPE	–.053**	–.086***					.045	.063
	S^2×LPE	–.019 n.s.	.075 n.s.						
	D×LPE	–.105***	–.074**						
	D^2×LPE	–.205 n.s.	–.068 n.s.						
	D^3×LPE	–.217 n.s.	–.006 n.s.						

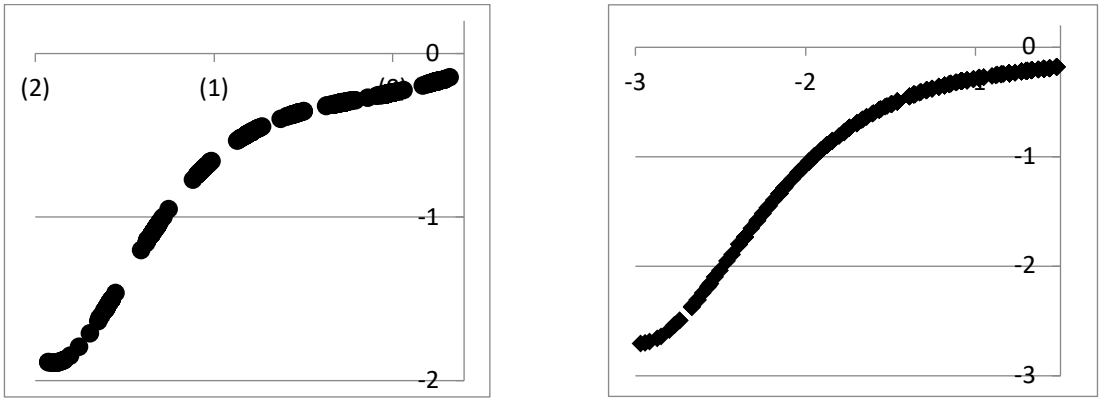
***/ **/ * Significant at 1 / 5 / 10 percent.

Figure 1: LVS' Plot (satisfaction-loyalty)



Notes: The left (right) plot stems from M6 with Data 1 (Data 2).

Figure 2: LVS' plot (delight-loyalty)



Notes: The left (right) plot stems from M6 with Data 1 (Data 2).