

The impact of involvement on key service relationships

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Abstract

Purpose – This paper aims to report a study that focuses on the moderating role of involvement in the relationships between customer contact employees' customer orientation and service quality perceptions and satisfaction.

Design/methodology/approach – A sample of 869 consumers is drawn from four different service providers, scale measures are validated via confirmatory factor analysis and a conceptual model is tested using non-monotonic moderated regression analysis.

Findings – Higher levels of involvement lead to greater levels of consumer loyalty and a lower need for scarce marketing resources. Hence, involvement does play a significant moderating role; in most cases the relationships are stronger for consumers with higher involvement.

Research limitations/implications – Findings are generalizable only to the four industries investigated.

Practical implications – Relative to customers with low levels of involvement, managers must be sure to motivate their employees to work with customers to help solve their problems and thus enhance the level of involvement. Conversely, for highly involved customers, contact employees must be aware that they may not play as significant a role in the overall purchase experience as the consumer feels they (the consumer) are an "expert" relative to the products offered. In such cases, customer-oriented employees' role is to be willing to play a supporting and less important role in a customer's purchase decision.

Originality/value – While many studies have investigated service quality and satisfaction, the research represents the first effort to determine whether the relationship between these two variables differs based on a consumer characteristic; in this case, involvement.

Keywords Employee involvement, Customer orientation, Customer services quality, Customer satisfaction, Factor analysis, Regression analysis

Paper type Research paper

An executive summary for managers and executive readers can be found at the end of this article.

Introduction

For most services organizations, production and consumption occur simultaneously, so it is a long-recognized fact that key aspects of service management occur during the service encounter, which is that "a period of time during which a consumer directly interacts with a service" (Shostack, 1985). It is during this time that service organizations endeavor to develop the loyalty, trust, and other factors that enable customer retention objectives to be met, the word-of-mouth to secure new customers to be generated, and organizational performance goals to be attained. Given the critical nature of the service encounter and the interactions that occur between employees and customers during this time, it is no surprise that several issues critical to the management of service

organizations focus on how customers' experiences with employees affect their evaluations (cf. Bitner, 1990; Bitner *et al.*, 1994; Hartline and Ferrell, 1996). For example, it is a long-held belief that it is advantageous for service employees to be customer oriented; that is, making customers' needs and wants their primary focus (Kotler, 1967).

In particular, the extent to which customer contact employees act in a customer-oriented fashion is shown to impact customers' perceptions of service quality and their satisfaction with an encounter (e.g. Bitner, 1990; Bowen and Schneider, 1985; Hennig-Thurau, 2004; Kelley, 1992). A number of studies extend this work by considering the impact of such employee characteristics as self-efficacy (cf. Hartline and Ferrell, 1996), role stress (cf. Singh, 1993) and ability, competence, and adaptability (cf. Bitner *et al.*, 1990) on the outcomes of the employee – customer interactions that define service encounters. However, in spite of the recognition that they can play an important role in moderating the relationships between outcome variables, little effort has been made to examine the potential moderating role of customer characteristics (Mittal and Kamakura, 2001). This gap in the literature is important for at least two reasons.

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First, such efforts might provide managers with a better understanding of how to tailor the delivery of their service based on consumer characteristics (e.g. product customization), and second, it might identify a way to better segment service consumers. Specifically, we undertake an investigation of the role of customer involvement as a moderator of the relationships between the customer orientation of service employees and service quality perceptions and customer satisfaction.

Consumers with differing levels of involvement vary relative to the amount of effort they are willing to expend looking for alternatives. Because higher involvement drives down the value attributed to other alternatives, the consumers' reservation value, highly involved customers are likely to be more satisfied or to perceive the quality of a service to be greater for a given level of employee customer orientation. In essence, higher involvement suggests that greater a cognitive investment is made in a particular service provider. For example, Illies and Reiter-Palmon (2004) found that under conditions of high outcome involvement consumers will engage in greater information search. This biases the consumer towards that firm and theoretically leads to higher ratings for relationships between decision-making variables (Mittal and Kamakura, 2001).

The objective of this research is to investigate whether a consumer's level of involvement with a service provider moderates the effects of consumers' evaluations of the customer-orientation of employees on service quality perceptions and customer satisfaction. In addition to extending the consideration of the effects of consumer characteristics to service quality perceptions and satisfaction, we also investigate these effects across four new industries. Figure 1 summarizes the relationships investigated.

The next section discusses the involvement construct that is included in this research as a moderating variable. Following

this is a presentation of the hypotheses. Next, the research methods are presented followed by the results. Finally, a discussion of the results, as well as the research's implications for theory and practice, is offered.

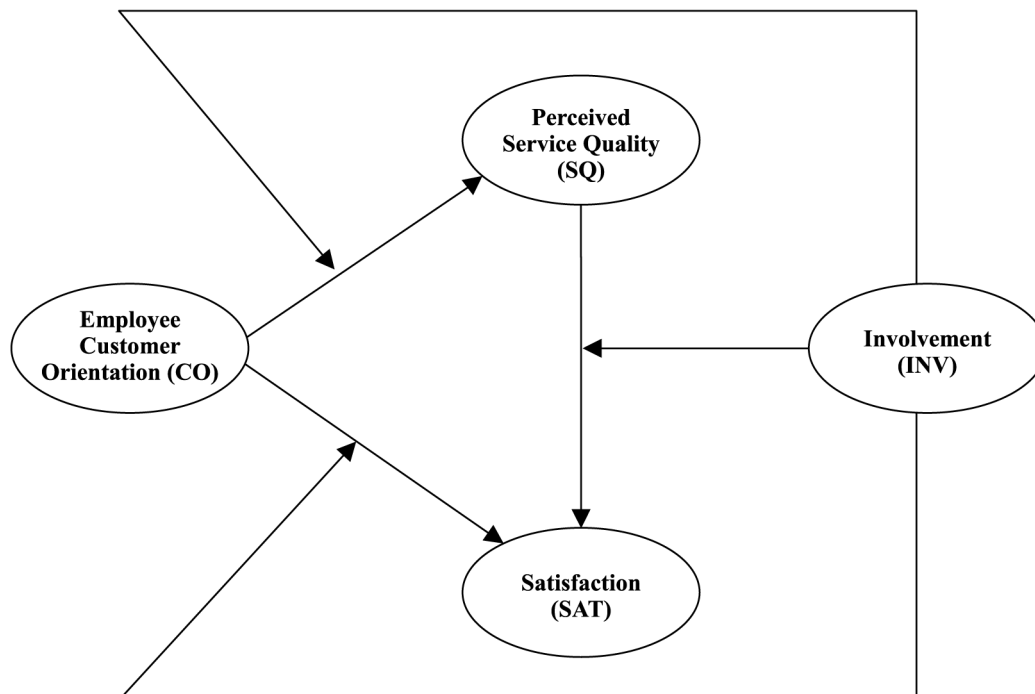
An overview of involvement

Involvement

The involvement construct has garnered a great deal of interest over the past two decades. However, to date there is not a common conceptual framework for the explication of the construct (Broderick and Mueller, 1999; Jain and Srinivasan, 1990; Laaksonen, 1994; Rothschild, 1984). Many researchers liken involvement to perceived personal relevance (Celsi and Olson, 1988; Petty and Cacioppo, 1981; Richins and Bloch, 1986). In this view, a consumer's involvement with a good or service is a function of the extent to which a person perceives that good or service to be personally relevant. This perspective allows products to have different levels of involvement associated with them for different persons and in different situations. This also consistent with the notion that services are heterogeneous and benefit from customization strategies.

Based on the earlier work of Finn (1983), Broderick and Mueller (1999) identify three perspectives that they label product-centered, subject-centered, and response-centered. Product-centered involvement implies that certain goods and services are inherently more involving. Subject-centered involvement is similar to the perspective espoused by the researchers identified in the previous paragraph in that the level of involvement felt towards a good or service is a function of the individual. Finally, response-centered involvement focuses on the level of the involvement a consumer has with the outcomes associated with a good or service.

Figure 1 The research model



The perspective on involvement taken in this study is similar to that of Celsi and Olson (1988) and the perspective labeled subject-centered by Broderick and Mueller (1999). This perspective puts the consumer at the center of the decision as to what is and is not highly involving. Furthermore, as Celsi and Olson (1988) point out, this perspective emphasizes a consumer's subjective experience or feeling of personal relevance. This they label "felt involvement." Celsi and Olson (1988) go on to state that this perspective recognizes the situational nature of involvement in that it occurs only at certain times and in certain situations. One of those situations could be during the service encounter, which is that time when the customer interacts with customer-contact employees.

Involvement in services research

Laroche *et al.* (2003) suggests that consumers may be more involved with services because of the inseparability between production and consumption, and of the fact that there is no transfer of ownership because the consumer is unable to return what is purchased. Laroche *et al.* (2003) report a study that investigates, in part, the moderating effect of involvement on the relationship between intangibility and perceived risk. They consider the effect of three components of intangibility: physical intangibility, mental intangibility, and a "general" intangibility component. Their results indicate that involvement moderates the relationship between the first two components and perceived risk and that this relationship is stronger for consumers who have higher levels of involvement.

Gabbott and Hogg (1999) also investigate a number of issues associated with the efficacy of using involvement to explain relationships between decision-making constructs in a services context. The primary focus of their study is to examine the usefulness of Laurent and Kapferer's (1985) Consumer Involvement Profile in a services context. They conclude that "perceptions of service quality, for instance, may be dependent upon the degree of involvement with the product" (Gabbott and Hogg, 1999, p. 164).

Finally, Varki and Wong (2003) study the impact of involvement on a consumer's willingness to maintain a relationship with a service provider, as well as the extent to which involvement affects a consumer's demand for the relational efforts undertaken by a service provider. Their results indicate that high involvement consumers are more interested in maintaining a longer-term relationship with a service provider. Although there is no difference between high and low involvement consumers in terms of their desire for communication from the service provider, high involvement consumers express more desire to be involved with solutions to any problems that occur in the provision of the service, as well as being more concerned about fair treatment.

The next section identifies the research hypotheses and provides a brief overview of the relationship between the customer orientation of customer contact employees and consumers' perceptions of service quality and their satisfaction with a service encounter.

Development of hypotheses

The conceptualization, measurement, and relationship between service quality and satisfaction have been central to the development of the services marketing literature over the past twenty-plus years. As issues related to conceptualizing

and measuring these two important constructs evolved, researchers turned their attention to how organizations might provide higher levels of service quality and satisfaction. Since services are generally provided and consumed simultaneously, a critical element relative to the enhancement of consumer's perceptions of service quality and their satisfaction with a service encounter is the time when customer contact employees interact with the consumer (Bitner, 1990; Bitner *et al.*, 1994; Hartline and Ferrell, 1996). This research demonstrates that customer contact employees can significantly impact customer's perceptions of service quality and satisfaction.

Related to this is the idea of customer orientation. The Saxe and Weitz (1982) SOCO scale was initially designed to assess the sales orientation (SO) and the customerorientation (CO) of salespeople. Saxe and Weitz (1982) define customer orientation as the practice of the marketing concept applied at the level of the individual customer. In other words, in firms adopting a customer-oriented strategic direction, customer contact employees focus on satisfying customers' needs as opposed to "selling" products. A number of researchers propose or empirically identify linkages between a firm's customer orientation and the service quality perceptions and satisfaction of their customers (c.f. Goff *et al.*, 1997; Grewal and Sharma, 1991; Zeithaml *et al.*, 1988). Furthermore, Goff *et al.* (1997) find a linkage between a salesperson's customer orientation and their customers' satisfaction with that salesperson.

Based on the preceding discussion, there is little doubt that customer contact employees who act in a customer-oriented manner play a significant role in enhancing consumers' perceptions of service quality and their satisfaction with a service encounter. However, as pointed out in the previous section, customers' involvement may play a significant role in moderating these relationships. The question is how exactly involvement might differentially impact the relationships proposed above.

A number of outcomes are possible relative to decision making by consumers who have high levels of subject or felt involvement. For example, Mitchell (1980) reports that such involved consumers use a greater number of criteria in their decision making. Beatty and Smith (1987) find that such consumers search for more information. Petty and Cacioppo (1981) suggest that they accept fewer alternatives, and Chaiken (1980) reports that highly involved consumers process relevant information in more detail. As a result, consumers having higher levels of subject or felt involvement form attitudes that are more resistant to change (Petty *et al.*, 1983).

One framework that appears useful in aiding our understanding of the impact of involvement is the elaboration likelihood model (ELM) developed by Petty and Cacioppo (1981). This model proposes that as a consumer becomes more involved with a product, the more likely it is that the consumer engages in elaboration (engagement in issue-relevant thinking). When elaboration is high, the central route to persuasion is followed, meaning the customer actively evaluates and attends to all purchase-relevant information. Under low involvement, characterized by less elaboration, the ELM proposes that consumers are more likely to utilize peripheral routes. This suggests that they rely more on cues or information that is less relevant to the particular purchase situation. This is due to the fact that as involvement

decreases, motivation to attend to and evaluate critical information decreases.

In the current context, one expects that high involvement consumers engage in greater elaboration and are more likely to attend, evaluate, and utilize information provided by customer contact personnel. Accordingly, it is expected that they find this information more useful in their decision-making. This in turn leads to enhanced perceptions of service quality and greater customer satisfaction. Low involvement consumers, in contrast, are less able to evaluate the information provided by customer contact persons. Accordingly, as they rely on more peripheral cues, they are less likely to correlate their purchase decisions with the information provided by the customer contact person and that weakens the relationship between customer orientation and service quality and satisfaction. Thus, the following hypotheses are proposed:

- H1.* Consumers' felt involvement moderates the relationship between perceptions of service contact employees' customer orientation and perceptions of service quality. Specifically, it is suggested that the relationship is stronger for high involvement consumers.
- H2.* Consumers' felt involvement moderates the relationship between perceptions of service contact employees' customer orientation and their satisfaction. Specifically, it is suggested that the relationship is stronger for high involvement consumers.

Service quality and satisfaction

Although the relationship between satisfaction and service quality has been studied extensively, the exact nature of the relationship is somewhat equivocal (Cronin *et al.*, 2000; Parasuraman *et al.*, 1994; Hellier *et al.*, 2003). However, as reported in Cronin *et al.* (2000), a consensus seems to be forming around the idea that service quality is an antecedent to satisfaction. These authors go on to test four competing models, with the strongest support being found for a model that posits a path from service quality to satisfaction. Based on this, as well as a number of other studies that conclude that service quality leads to satisfaction (e.g. Anderson *et al.*, 1994; De Ruyter *et al.*, 1997), the current study takes the perspective that service quality leads to satisfaction.

However, the objective of this research is not to test the direct relationship between these constructs. Rather, our intent is to investigate the extent to which involvement moderates the relationship between service quality and satisfaction. To date, there is no research that investigates this relationship. It is our contention, based on the arguments presented above pertaining to the elaboration likelihood model, that consumers who are more involved with a service provider pay more attention to elements of the service provision process and are better able to evaluate the value of the service provision process. Therefore, the following hypothesis is proposed:

- H3.* Consumers' level of felt involvement moderates the relationship between perceptions of service quality and satisfaction. Specifically, the relationship will be stronger for high involvement consumers than for low involvement consumers.

Research methodology

Sample

Trained assistants collected the data via self-administered paper and pencil questionnaires, at multiple locations within the panhandle region of Florida. Faculty at a local university oversaw the data collection and were available to answer any respondent questions. Locations for data collection included malls, churches, laundry mats, restaurants, movie theaters, banks and other financial institutions. In order to ensure that the sample was as representative of the population as possible, each assistant was provided specific instructions with regard to demographic characteristics that had to be met. Specifically, no more than 60 percent of the sample could be of one gender, no more than 50 percent of the sample could be college students and no more than 40 percent of those sampled could be from any of the four industries under study. In order to further assure the authenticity of the data, information was collected from each respondent so that telephone callbacks could be made to verify that the respondent had in fact completed the survey and to verify the information solicited by the survey. One out of every 20 responses were systematically selected for callback, of those contacted 94 percent were verified, thus resulting a total of 869 usable surveys. This group was comprised of 51.9 percent male, 43.7 percent being college graduates, 45.5 percent having a household income greater than \$50,000.00 and 33.2 percent being over the age of 40 years.

The respondents were asked to respond relative to one of four different types of service organizations (video rental outlet, electronics store, an entertainment arcade, and a quick lube garage) in order to provide a more robust test of the hypotheses. The choice of industry was based on two parameters, first, we wanted industries that respondents would have a significant level of experience with and second, we wanted two industries that required lessened contact with the service provider (video and amusement), and two that required a greater degree of service provider contact (electronics and oil). Furthermore, in order to be included in the sample, each respondent was required to have had at least one contact with the service provider in the previous month. In order to reduce the occurrence of respondent fatigue, respondents completed only one survey each; that is, multiple industry responses were not sought from individual respondents. This process resulted in 25.2 percent of the sample responding to experiences with a video store, 25 percent electronics marts, 22.5 percent amusement and 26.1 percent for oil change services. In order to determine if any significant demographic parameter was over represented within a given industry, four χ^2 , goodness-of-fit tests were run with the industry designation across each of the four demographic characteristics including gender ($\chi^2 = 2.69$; $p = 0.441$), education ($\chi^2 = 17.038$; $p = 0.371$), age ($\chi^2 = 10.450$; $p = 0.577$) and income ($\chi^2 = 15.695$; $p = 0.206$). None of these tests yielded a significant result thus implying that each industry was equally represented relative to sample demographics.

Measures

Where possible, each of the constructs included in this study was measured using existing scales, some of which were adapted for this study. All of the items were measured using nine-point Likert scales.

Consumer's perceptions of customer contact employee's customer orientation (CO) was measured using ten positively worded items from the SOCO scale developed by Saxe and Weitz (1982). Since the SOCO scale was originally designed to measure the customer orientation of sales personnel, its wording was modified slightly to reflect a consumer point of view and also to better reflect the characteristics of service encounters.

Service quality (SQ) was measured using a slightly modified version of Teas (1993) five-item bipolar adjective scale. These items provided an overall assessment of the quality of the services being evaluated. The items came from dimensions that were identified in previous research.

Satisfaction (SAT) was measured using a six-item unipolar adjective scale adapted from Westbrook and Oliver (1991). Since satisfaction is considered to be primarily an affective construct, the adjectives used were emotive in nature (Oliver, 1997).

Involvement was measured using six items developed and utilized specifically for this study. Each item was designed to assess the extent to which respondents felt personally involved with the service provider. An example of an item is "I feel more strongly about this service provider than the typical patron."

In order to provide evidence of construct reliability and validity, a confirmatory factor analysis using LISREL 8.53 was conducted. All scales proved psychometrically robust under these tests; results are presented in Tables I and II for detailed discussion of procedures undertaken see the technical appendix.

Hypotheses tests

For the purpose of hypothesis testing, moderated and nonmonotonic regression analysis was applied (for detailed discussion see the technical Appendix; summary of hypothesis results are presented in Table III). *H1* suggests that consumers' level of felt involvement moderates the relationship between perceptions of employees' customer orientation and service quality and that the effect results in the relationship being stronger for highly involved consumers as compared to less involvement consumers. As shown (see Table III), the interaction term for the CO \Rightarrow SQ relationship is positive and significant for the video and electronics services. Further, the partial derivative for these two models fall within the range of involvement identified within the sample (3.2 to 8.8). The partial derivatives demonstrate the point at which the level of felt involvement changes signs. Specifically, for the video sample CO has a stronger positive effect on SQ when the involvement score is above 6.23 while in the electronics sample the point at which the relationship becomes stronger is much lower at 4.48. Thus, these findings support the contention that involvement moderates the relationship associated with the level of employee customer

orientation and service quality for video v and electronic stores and the influence is greatest when consumers are highly involved. This affect however differs for the two types of service providers; meaning that greater levels of involvement are necessary for the relationship to exist for video stores than for electronic stores.

It is posited in *H2* that involvement also moderates the CO \Rightarrow SAT relationship with the relationship being stronger under the heightened involvement condition. This relationship is supported for video, electronics, and oil as demonstrated by the positive and significant interaction terms. In all three industries for which a significant moderating effect was found, the point at which the positive effect of CO on SAT becomes greater due to higher levels of involvement (i.e. partial derivative score) is more or less at the mid-point of the range of involvement at 4.91, 5.05, and 5.04 for video, electronics, and oil change, respectively. Thus, the higher the level of involvement, the stronger the influence of employee customer orientation on satisfaction with said effect being similar across video, electronic and oil outlets.

The SQ \Rightarrow SAT path is significant in all four of the industry sample (see Table III) and, consistent with *H3*, Table III shows that for the SQ \Rightarrow SAT relationship, all interaction terms are all significant and positive. Each of the partial derivative values again falls within the 3.2 to 8.8 range of involvement, thereby lending support for *H3* across all four service formats. Hence, for the four industries understudy, higher levels of customer involvement result in the influence of service quality being stronger on satisfaction. The practical and theoretical implications of these findings follow.

Discussion

Our understanding of the antecedents of service quality and satisfaction has increased significantly over the past two decades. However, in order for this research stream to continue to provide managers of service organizations with information that is useful for the management of their firms, research in the area of services marketing must continue to identify new ways to explain what constitutes service quality and satisfaction, as well as how organizations can better meet consumers' expectations with regard to these critical constructs. It has been the perspective of the research presented in this study that consumer characteristics, specifically subject or felt involvement, may be able to significantly add to our understanding of consumer's perceptions of service quality and satisfaction. Specifically, this paper reports a study that investigates the extent to which involvement moderates the relationship between consumer perceptions of customer contact employees' customer orientation and consumer perceptions of service quality and satisfaction. Consistent with the research hypotheses, the moderating effect is significant for most of the industries

Table I Reliability and validity of measures

Construct	Original items	Items retained	α	Composite reliability	Variance extracted
Customer orientation	12	9	0.73	0.70	0.69
Service quality	5	5	0.78	0.74	0.70
Satisfaction	6	6	0.85	0.84	0.75
Involvement *	6	5	0.84	0.84	0.74

Note: *Measures not included in confirmatory model

Table II Confirmatory factor analysis results

Construct/item	St. Estimate	St. Error	t-value *
Customer orientation			
I feel satisfied because the employees helped me achieve my goals	0.39	0.03	11.52
The employees had my best interest in mind	0.36	0.03	10.56
The employees encouraged me to discuss my needs with them	0.40	0.03	11.79
The employees used information rather than pressure to influence me	0.82	0.03	28.41
The employees offered me products which best suited my needs	0.86	0.03	30.72
The employees answered my questions about the product as best they could	0.79	0.03	24.29
The employees tried to offer me the product that best solved my problem	0.41	0.03	12.93
The employees tried to give me an accurate expectation of what the products will do for me	0.30	0.03	7.26
The employees tried to figure out what my needs were	0.74	0.03	22.26
Service quality			
Poor/excellent	0.56	0.04	17.20
Inferior/superior	0.98	0.04	40.85
Low quality/high quality	0.99	0.04	41.50
Low standards/high standards	0.99	0.04	41.20
One of the worst/one of the best	0.21	0.04	3.79
Satisfaction			
Satisfied	0.12	0.03	3.97
Happy	0.83	0.03	27.71
Pleased	0.99	0.03	38.17
Delighted	0.83	0.03	23.81
Happy	0.81	0.03	21.45
Thrilled	0.84	0.03	28.20
Involvement			
I feel like I have personal involvement with this service provider	0.84	0.03	28.62
I have strong ties with this service provider	0.89	0.03	33.11
I feel more strongly about this service provider than the typical patron	0.85	0.03	24.85
I feel like my involvement with this organization will last indefinitely	0.82	0.03	21.50
My involvement with this organization is enduring	0.83	0.03	28.15

Notes: $\chi^2 = 853.59$, $df = 149$, $p \leq 0.000$, $GFI = 0.91$, $AGFI = 0.88$, $St.RMR = 0.044$, $IFI = 0.91$, $CFI = 0.91$, $RFI = 0.89$; * $p \leq 0.01$

Table III Nonmonotonic moderator assessment

Service provider/relationship	F (sig.)	r ²	Theoretical independent β_1 (sig.)	Hypothesized moderator * β_2 (sig.)	Interaction β_3 (sig.)	Partial derivative **
Video						
SOCO → SQ (H1)	21.62 (0.000) *	0.254 *	-1.528 (0.009) *	0.556 (0.031) *	0.245 (0.020) *	6.23 *
SOCO → SAT (H2)	26.63 (0.000) *	0.386 *	-1.237 (0.001) *	0.209 (0.041) *	0.252 (0.017) *	4.91 *
SQ → SAT (H3)	46.15 (0.000) *	0.422 *	-0.292 (0.000) *	-0.374 (0.000) *	0.060 (0.000) *	4.87 *
Electronics						
SOCO → SQ (H1)	11.29 (0.000) *	0.138 *	-1.424 (0.011) *	0.441 (0.027) *	0.318 (0.045) *	4.48 *
SOCO → SAT (H2)	10.44 (0.000) *	0.131 *	-1.223 (0.017) *	0.321 (0.036) *	0.242 (0.050) *	5.05 *
SQ → SAT (H3)	17.44 (0.000) *	0.198 *	-1.029 (0.000) *	0.150 (0.003) *	0.129 (0.000) *	7.98 *
Amusement						
SOCO → SQ (H1)	3.42 (0.018) *	0.042 *	-0.215 (0.365)	-0.115 (0.094)	0.019 (0.067)	-
SOCO → SAT (H2)	8.04 (0.001) *	0.122 *	0.225 (0.014) *	0.197 (0.268)	0.287 (0.253)	-
SQ → SAT (H3)	9.54 (0.011) *	0.280 *	-1.54 (0.002) *	0.349 (0.232)	0.453 (0.033) *	3.40 *
Oil						
SOCO → SQ (H1)	0.725 (0.538)	0.011	0.909 (0.455)	0.117 (0.631)	-0.018 (0.614)	-
SOCO → SAT (H2)	7.88 (0.000) *	0.384 *	-1.205 (0.000) *	0.334 (0.022) *	0.239 (0.000) *	5.04 *
SQ → SAT (H3)	9.87 (0.000) *	0.234 *	-0.568 (0.049) *	-0.306 (0.000) *	0.144 (0.000) *	3.94 *

Notes: *Significant terms; **Range of involvement observed in the sample = 3.2 to 8.8; ***Partial derivative = $-\beta_1/\beta_3$

studied. Furthermore, as proposed, this effect is greater for high involvement consumers than for low involvement consumers. This would seem to support predictions from the elaboration likelihood model in that more highly involved consumers use a central route when evaluating information. The interaction with a customer service provider certainly appears to be an example of the central route thus having a greater impact on the relationship between a service contact customers' oriented activities and perceptions of service quality and satisfaction.

For managers, our results suggest consumers with higher levels of involvement with a service provider react disproportionately to the customer orientation of a service organization's employees and to enhanced customer service. Specifically, the effect of the customer-oriented efforts of employees has a greater impact on the service quality of consumers that are highly involved with a service provider. Although college sports teams and a few other service providers are often the beneficiaries of high involvement, most service organizations do not regularly have the luxury of having a highly involved consumer base. This suggests that there is a need to identify those customers that are highly involved (i.e. segmentation), and enact strategies that enhance the involvement of customers (e.g. customization strategies). Neither of these tasks, identifying high involvement customers and moving customers towards high involvement, are easily accomplished. However, one method to identify high involvement consumers might be to offer "how to do it" seminars such as is done at Home Depot stores. One would assume that those consumers who would take part of these offerings would be more involved with the service. With regard to enhancing the involvement of customers, Illies and Reiter-Palmon (2004) suggest that promoting the intrinsic rewards of high involvement might be more successful than extrinsic rewards. For example, rather than focusing on money saved from spending more time making a decision (extrinsic reward) marketers might focus more on how spending more time making a decision will help make the customer more of an "expert" with regard to using the service as well as related services.

Although the above findings reported are not significant across all four of the service industries surveyed, it is interesting that the effects are significant for the two service industries where there is typically a greater degree of service personal/customer interaction (video and electronics). This provides some additional evidence as to the importance of the impact of customer contact personnel. In the context of this study, it also points out the impact that involvement has on the extent to which a service provider's customer oriented actions can be amplified by the degree to which consumers are involved with the purchase situation. As such, the relevance of personal customization strategies in the marketing of service organizations is supported. That is, highly involved customers are likely to respond positively to strategies that are tailored specifically to meet their needs and wants. Simply knowing the name of a highly involved customer is a start. Restaurants often endeavor to remember the names, seating preferences, and favorite foods and drinks of highly involved customers. In such high involvement purchase situations as medical care, high-end jewelry and clothing, automobiles, and real estate, customization strategies and other efforts to promote the customer-orientation of the organization and its employees are important in customers' evaluations of their experience.

In addition, this research identifies involvement as a moderator of the relationship between service quality and satisfaction. While any number of studies have investigated the relationship between these two critical service constructs, this research represents the first effort to determine if the relationship between these two variables differs based on the level of consumer characteristics; in this case, their involvement. The identification of involvement as a moderator of the relationship between service quality and satisfaction is potentially an important finding as it suggests that future investigations need to reexamine this frequently studied path as being more complexity than typically conceptualized. Although two of the models estimated by Cronin *et al.* (2000) include service value as a mediator in the service quality \Rightarrow satisfaction relationship, those models do not perform as well in their research due to the confounding presence of a direct path. However, our results indicate that while the relationship may in fact be a direct one, it may differ based on consumer characteristics.

This research also has potentially other significant implications for managers. To the extent that consumers for a service have low levels of subject or felt involvement or knowledge, managers must be sure to train and motivate their employees to work with customers to help solve their problems as such efforts may enhance the level of involvement customers "feel" they have with the organization. On the other hand, one aspect of customer orientation is the ability to respond to different needs of customers. Frequently, in the case of high involvement/knowledge customers, customer contact employees must be aware that they may not play as significant a role in the overall purchase experience as the consumer feels they are an "expert" relative to the products offered by the organization. In such cases, customer-oriented employees' role is to be willing and able to play a supporting and possibly less important role in a customer's purchase decision.

From a research perspective, the study reported here supports the idea that consumer characteristics may be a useful way to better understand effects on consumers' perceptions of service quality and satisfaction. Specifically, this research supports that reported by Gabbott and Hogg (1999) who argue that involvement may be an important construct with regard to enhancing our understanding of the provision of service quality and satisfaction. No single study can be considered definitive and the research reported here appears to provide an impetus for more research in the services area that includes the role of consumer involvement. Beyond services, the research presented here could be extended into more tangible products. It would be interesting to determine if the results reported here are equally applicable to purely tangible products. It might be that case that there is a point on the continuum from purely tangible to purely intangible products/services where the results reported here becomes insignificant. It is also true that other constructs such as consumer knowledge could operate as moderators in the relationships examined in this paper.

Finally, as with any research study, a number of limitations need to be considered when evaluating the utility of the results identified. First, extensions beyond the four industries investigated should be approached with caution. This is especially true for findings that were not supported across all four samples. Second, nearly any model that depicts the behavior of consumers is likely to be under-specified. That is, there are variables that affect the decisions made by

consumers in service contexts that are obviously not included in this research. Moreover, Reichheld (1996) and others (Jones and Sasser, 1995) report that in industry after industry 60 to 80 percent of customers who defect report that they are satisfied due to a variety of reasons including the way satisfaction is measured (Reichheld, 1996) and the competitive situation faced by the firm (Jones and Sasser, 1995). Thus, an overemphasis on either service quality or customer satisfaction in the management of service organizations may be unwise. In fact, Reichheld (2003) argues that the most critical measure for the long-term success of the firm is the willingness of the customer to recommend the product/service to others.

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Appendix. Discussion of data analysis undertaken

The study utilized two forms of analysis; first, in order to provide evidence of construct reliability and validity, a confirmatory factor analysis using LISREL 8.53 was conducted. A covariance matrix was generated with PRELIS 2.0 to create a model that consisted of the measures for customer orientation (CO), service quality (SQ), satisfaction, (SAT) and involvement with the service (INV). An initial review of the modification indices and squared-multiple correlations suggested that three items be deleted from the customer orientation measure and one item from the involvement measure. These respecifications resulted in acceptable overall model fit with $\chi^2 = 790.76$, $df = 224$, $p \leq 0.000$, GFI = 0.92, AGFI = 0.90, St.RMR = 0.079, IFI = 0.95, CFI = 0.95, RFI = 0.92. The internal consistency (reliability) of each scale was assessed via coefficient alpha, composite reliability, and variance extracted scores. All scales were internally consistent as noted in Table I. Convergent validity was assessed via the t-value associated with the ratio of factor loadings to the standard error for each item. Item t-values ranged from 41.50 to 3.79 (see Table II). Generally, a t-value of greater than 2.00 lends support for convergent validity (Segars, 1996). Convergent validity was also assessed through calculation of average variance extracted scores; commonly scores greater than 0.50 supports the case for convergent validity (Fornell and Larcker, 1981). As seen in Table I, all measures exceed to this standard.

Three tests were incorporated to assess discriminant validity. Discriminant validity is supported if all off-diagonal phi correlations among dimensions are less than one (Bagozzi, 1980), no confidence interval estimates around the phi correlations include the value of one (Gerbing and Anderson, 1988), and average variance extracted estimates are greater than the square of the correlation between two dimensions (Fornell and Larcker, 1981). Discriminant validity of the constructs was supported based on each of these criteria.

For the purpose of hypothesis testing, moderated and nonmonotonic regression analysis was applied. Moderated regression analysis is an appropriate technique given the objectives of the research as it allows interaction effects to be directly examined (Arnold, 1982). The process consists of identifying the statistical significance of the interaction(s) by regressing the dependent variable on three mean-centered (mean is subtracted from each observation) primary variables; that is, the relevant independent variable, the hypothesized moderator, and the cross product of each (Sharma *et al.*, 1981). The hypothesized moderator in this case was involvement, the scale range was 3.2 to 8.8, the mean equaled 4.61 and the standard deviation was equal to 1.08, given these figures, 54 percent of the sample was within plus/minus one standard deviation of the mean.

For assessing the hypotheses, a positive and significant slope coefficient for the interaction term implies that the influence of the independent variable is greater when the moderator's value is larger or increasing. A negative and significant slope coefficient implies the opposite (Sharma *et al.*,

1981). Further, in order to gain a greater understanding of the moderator, it is possible to calculate the partial derivative of the regression equation with respect to the independent variable. This is calculated as $-\beta_1/\beta_3$. If the calculated value falls within the range of the hypothesized moderator, it can be implied that the impact of the independent variable on the dependent measure is nonmonotonic. The partial derivative identifies the point on the moderator index at which the impact of the independent variable on the dependent variable changes signs (Covin and Slevin, 1988). In this study, each hypothesized relationship and the moderating effect of involvement is assessed separately for each predictor variable across each of the four different types of service offerings.

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Executive summary and implications for managers and executives

This summary has been provided to allow managers and executives a rapid appreciation of the content of the article. Those with a particular interest in the topic covered may then read the article in toto to take advantage of the more comprehensive description of the research undertaken and its results to get the full benefit of the material present.

There is little doubt that many of today's customers are far more shrewd and perceptive about the product or service they are buying than they once were. Not everyone has the time to study all the characteristics of their intended purchase beforehand and will rely on the salesperson's skills, but others will have a good knowledge of the pros and cons and alternatives on offer well before they get to that stage.

Service organizations' understanding of the antecedents of service quality and satisfaction has increased significantly over the past two decades and service employees' customer orientation (i.e. a focus on satisfying customers' needs as opposed to "selling" them something) has long been recognized as advantageous. But as service managers constantly need to improve the ways in which they meet customers' expectations, a better understanding of consumer "involvement" might help.

In "The impact of involvement on key service relationships", Thomas L. Baker et al. investigate the extent to which involvement moderates the relationship between consumer perceptions of customer contact employees' customer orientation and consumer perceptions of service quality and satisfaction. The study involved responses about four different types of service organizations – video rental outlet, electronics store, an entertainment arcade, and a quick lube garage.

Their findings suggest that there is a need to identify those customers that are highly involved (i.e. segmentation), and enact strategies that enhance the involvement of customers (e.g. customization). Neither of these tasks, identifying high involvement customers and moving customers towards high

involvement, is easily accomplished. However, one method to identify high involvement consumers might be to offer "how to do it" seminars such as those held in some do-it-yourself superstores. One would assume that consumers who would take part of these offerings would be more involved with the service.

One aspect of customer orientation is the ability to respond to customers' different needs. Frequently, in the case of high involvement/knowledge customers, customer contact employees must be aware that they may not play as significant a role in the overall purchase experience as the consumer feels they are an "expert" relative to the products offered by the organization. In such cases, the customer-oriented employees' role is to be willing and able to play a supporting and possibly less important role in a customer's purchase decision.

It has been previously suggested that promoting the intrinsic rewards of high involvement might be more successful than extrinsic rewards. For example, rather than focusing on money saved from spending more time making a decision (extrinsic reward) marketers might focus more on how spending more time making a decision will help make the customer more of an "expert" with regard to using the service as well as related services.

As expected, the moderating effect was significant for most of the industries studied, with a greater effect for high involvement consumers. Consumers with higher levels of involvement with a service provider react disproportionately to the customer orientation of a service organization's employees and to enhanced customer service. Specifically, the effect of the customer-oriented efforts of employees has a greater impact on the service quality of consumers that are highly involved with a service provider.

Although the findings are not significant across all four of the industries surveyed, it is interesting that the effects are significant for the two where there is typically a greater degree of service personnel/customer interaction (video and electronics). This provides additional evidence as to the importance of the impact of customer contact personnel.

Highly involved customers are likely to respond positively to strategies that are tailored specifically to meet their needs and wants. Simply knowing the name of a highly involved customer is a start. Restaurants often endeavor to remember the names, seating preferences, and favorite foods and drinks of highly involved customers. In such high involvement purchase situations as medical care, high-end jewelry and clothing, automobiles, and real estate, customization strategies and other efforts to promote the customer-orientation of the organization and its employees are important in customers' evaluations of their experience.

A significant implication for managers is that, to the extent that consumers for a service have low levels of subject or felt involvement or knowledge, managers must be sure to train and motivate their employees to work with customers to help solve their problems as such efforts may enhance the level of involvement customers "feel" they have with the organization.

(A précis of the article "The impact of involvement on key service relationships". Supplied by Marketing Consultants for Emerald.)