

初回満足の重要性 -広告による満足の生成-

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博士学位請求論文

Importance of Initial Satisfaction:
Generating Satisfaction by Advertising

初回満足的重要性

— 広告による満足の生成 —

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Introductory Chapter

This Paper's Position in Consumer Satisfaction Research

1. The Significance of Satisfaction for Marketing Research

“No organization can achieve greatness without a vigorous leader who is driven onward by his own pulsating will to succeed. He has to have a vision of grandeur, a vision that can produce eager followers in vast numbers. In business, the followers are the customers. To produce these customers, the entire corporation must be viewed as a customer-creating and customer-satisfying organism. Management must think of itself not as producing products but as providing customer-creating value satisfactions.”

The above is a quote by Theodore Levitt from his 1960 article “Marketing Myopia” (Levitt 1960, p.56). Despite 55 years have passed since Levitt argued the significance of consumer satisfaction (customer satisfaction)⁽¹⁾, the significance of satisfaction in marketing research remains. For example, the American Marketing Association defined marketing as “the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large”⁽²⁾. Kotler et al. (2012b) defined marketing management as “the art and science of choosing target markets and getting, keeping, and

⁽¹⁾ Marketing researchers use the term consumer satisfaction or customer satisfaction with the same meaning. In this paper, we use the term “consumer satisfaction” because we believe that the term includes the broad meaning of satisfaction of potential customers, new customers, and regular customers, whereas customer satisfaction includes the narrow meaning of satisfaction of new customers and regular customers (specifically, it has a strong sense of satisfaction of regular customers). Additionally, we use the term “satisfaction” as the meaning of consumer satisfaction.

⁽²⁾ American Marketing Association “Definition of Marketing.”

<https://www.ama.org/AboutAMA/Pages/Definition-of-Marketing.aspx> (January 19, 2015).

growing customers through creating, delivering, and communicating superior customer value” (p.5). Kotler et al. (2012b) emphasized customer retention resulting from increased consumer satisfaction in the definition of marketing management, which is means to cope with the exchange processes described in the AMA’s marketing definition. Kotler et al. (2013) suggested eight ways to win in markets in their 2013 book entitled *Market Your Way to Growth: 8 Ways to Win*. They are the following: (1)Build your market share, (2)Developing committed customers and stakeholders, (3)Developing a powerful brand, (4)Innovate new products, services, and experiences, (5)Expand internationally, (6)Leverage mergers, acquisitions, alliances, and joint ventures, (7)Build an outstanding reputation for social responsibility, (8)Partner with government and NGOs (non-governmental organizations). Kotler included in these eight ways the cultivation of committed customers by increasing their satisfaction.

The importance of satisfaction has remained evident in recent years despite the passage of more than 50 years since Levitt (1960) noted the significance of consumer satisfaction. The subjects have not disappeared even in Japan. The development and release of the Japanese Customer Satisfaction Index (JCSI) is an example that consumer satisfaction is highly respected in Japan. JCSI is the Japanese national cross-industry index of satisfaction, which includes approximately 30 industries and more than 400 Japanese companies and brands⁽³⁾. The JCSI project development began in cooperation with Japan’s Ministry of Economy, Trade, and Industry in June 2000, and the first results of the survey using the JCSI were released in May 2010 (Minami 2010, p.4). The index was developed to strengthen the competitiveness of the Japanese service industries⁽⁴⁾. Increasing satisfaction was a primary focus of efforts to strengthen service industry competitiveness.

Among the many emotions experienced by consumers, such as interest, joy, surprise, and anger, satisfaction is

⁽³⁾ Service Productivity and Innovation for Growth official website, <http://www.service-js.jp/> (January 12, 2015).

⁽⁴⁾ See footnote 2.

the only affect (emotion) addressed by marketing researchers. You can see the reason why only satisfaction is focused by marketing researchers in definition of consumer satisfaction. Note the following some consumer satisfaction definitions.

Consumer satisfaction is:

“A customer’s positive or negative feeling about the value that was received as a result of using a particular organization’s offering in specific use situations” (Woodruff et al. 1996, p.95).

“The feeling a customer has about the extent to which their experiences with an organization have met their needs” (Hill et al. 2007, p.32).

“The consumer’s fulfillment response. It is a judgment that a product/service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under- or over-fulfillment” (Oliver 2010, p.8).

The above definitions make the same point, that satisfaction is a feeling resulting from the evaluation of the product or service⁽⁵⁾. This explains why satisfaction is the only focus for marketers with respect to consumer emotions. Feelings other than satisfaction, such as joy, interest, enjoyment, and surprise, do not arise from the evaluation of a product or service but from the process of consuming the product or service⁽⁶⁾. Thus, the importance of satisfaction does not fade, and satisfaction is a focus of marketers because it is a feeling arising

⁽⁵⁾ Woodruff (1993) also called satisfaction an evaluation feeling (p.38).

⁽⁶⁾ Some research addresses the relationship between satisfaction and affects in the satisfaction field. This research clarifies whether affects influence satisfaction. For more information, see Chapter 3.

from the evaluation of a product or service.

Increasing satisfaction is still considered significant in modern times. The next section discusses previous research from the consumer satisfaction field.

2. Research on Consumer Satisfaction

The research on consumer satisfaction can be categorized according to two types: research on the causes of satisfaction and research on the effect of satisfaction.

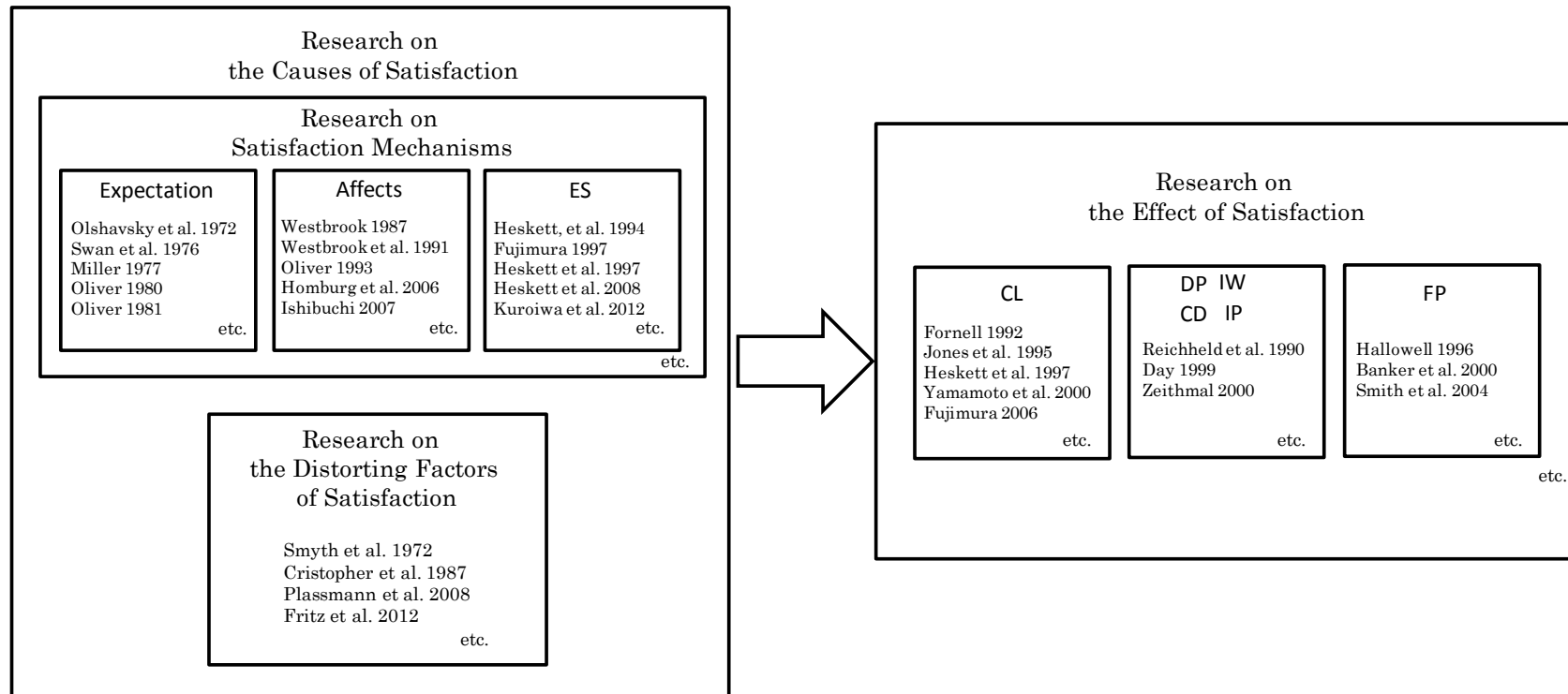
The research on the causes of satisfaction can be categorized further into another two types: research on satisfaction mechanisms and research on the distorting factors of satisfaction. The former research clarifies the factors that improve satisfaction. The following factors are derived as contributors to satisfaction from the research: expectation (e.g., Olshavsky et al. 1972; Swan et al. 1976; Miller 1977; Oliver 1980; Oliver 1981), affects (e.g., Westbrook 1987; Westbrook et al. 1991; Oliver 1993; Homburg et al. 2006; Ishibuchi 2007), and employee satisfaction (e.g., Heskett, et al. 1994; Fujimura 1997; Heskett et al. 1997; Heskett et al. 2008; Kuroiwa et al. 2012). The latter research category clarifies the factors that distort the causes of satisfaction (e.g., Smyth et al. 1972; Plassmann et al. 2008). For example, previous research clarified that the extent of brand awareness positively influenced satisfaction (Christopher et al. 1987; Fritz et al. 2012).

The research on the effect of satisfaction clarifies that doing so leads to an increasing of customer loyalty- “a deeply held commitment to rebuy or repatronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behavior” (Oliver 2010, p.432) (e.g., Fornell 1992; Jones et al. 1995; Heskett et al. 1997; Yamamoto et al. 2000; Fujimura 2006), and increasing customer loyalty leads to decreases in price sensitivity, increases in purchase quantity, word of mouth effects, and cost reductions (e.g., Reichheld et al. 1990; Day 1999; Zeithmal 2000) that boost financial

performance (e.g., Hallowell 1996; Banker et al. 2000; Smith et al. 2004).

In summary, the consumer satisfaction research addresses the relationship between cause and effect (see Figure I-1). Specifically, the research on the causes of satisfaction is assumed that the goal is to increase customer loyalty because long-term satisfaction reinforces the relationship between companies and customers. Therefore, Kotler suggested “keeping customers” or “developing committed customers” when he noted the importance of consumer satisfaction. The amount of consumer satisfaction research produced has been consistent; however, Minami (2012) argued that no research has had an impact on the consumer satisfaction field in recent years (p.10). We believe that one of the reasons for this lack of significant research is that previous studies have not focused on the fact that consumer satisfaction changes.

Figure I-1: Types of Consumer Satisfaction Research



Notes: (1) ES: Employee satisfaction

(2) CL: Customer loyalty

(3) DP: Decreasing price sensitivity, IP: Increasing purchase quantity, IW: Inducing word of mouth, CD: Cost reduction

(4) FP: Financial performance

(5) The arrow indicates the relationship between the research on satisfaction mechanism and the research on the effect of increased satisfaction.

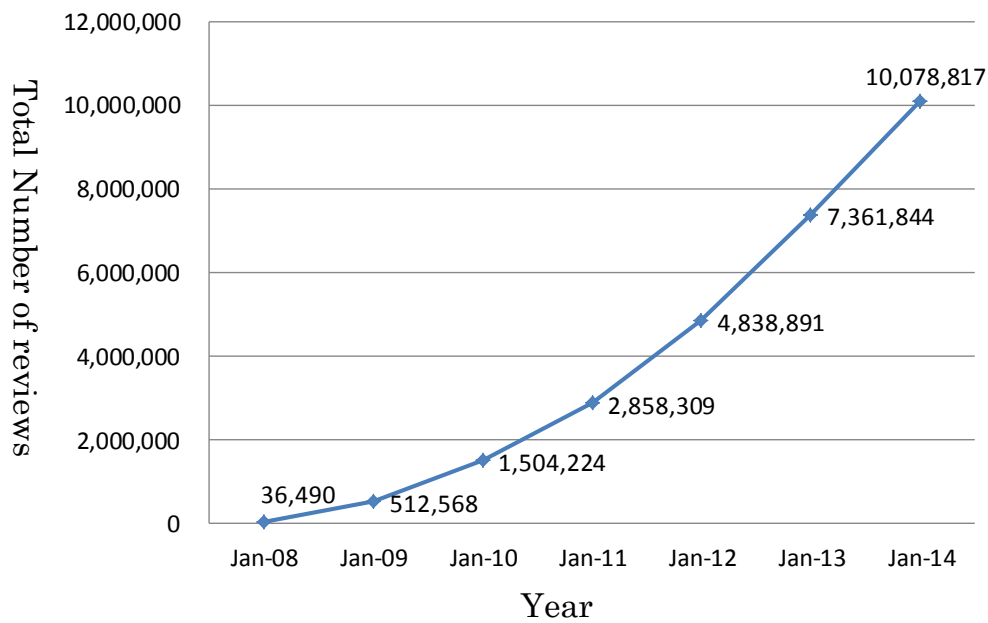
3. Changes in Consumer Satisfaction

The environment in which consumers conveyed satisfaction or dissatisfaction concerning a purchased product or service experience changed significantly with the emergence of the internet. Prior to the internet, there was minimal opportunity to convey a satisfactory or unsatisfactory experience with a purchased product or service. For example, no opportunity existing to convey the experience other than through conversations with family, relatives, friends, or acquaintances, or when requested to respond to a customer questionnaire from a company. Therefore, consumer satisfaction was rarely used as a criterion for assessment when consumers purchased a product or service because the assessment of the experience was not expressed or recorded in accessible way.

The emergence of the internet provided the opportunity to convey a satisfactory or unsatisfactory experience with a purchased product or service to others. Customer reviews are a representative example of such opportunities. We could post freely on the internet satisfactory or unsatisfactory experiences with purchased products or service. For example, in bookmeter.com, which is a book review and management website started by TriSta Inc. (株式会社トリスタ in Japanese) in May 2007⁽⁷⁾, the total number of reviews reached 10 million in July 2014 (see Figure I-2). Additionally, on average, 8000 reviews were posted per day.

⁽⁷⁾ TriSta Inc. was acquired 100% by DWANGO Co., Ltd. TriSta becomes DWANGO's wholly owned subsidiary company [DWANGO Co., Ltd. "Kabushikigaisya TriSta no kabushikisyutoku niyoru kanzenkogaisyaka nikansuru oshirase [News of a wholly owned subsidiary by obtaining the share of TriSta Inc.]," http://info.kadokawadwango.co.jp/ir/pdf_d/news/2014/20140926.pdf (January 16, 2015)].

Figure I-2: Total Number of Reviews on bookmeter.com



(Source) Dokusyomeitaa koushikiburogu [bookmeter.com official blog], <http://blog.bookmeter.com/> (January 16, 2015) and edited by author.

Besides bookmeter.com, there are many review sites around modern consumers (e.g., Amazon.com, Kakaku.com, @cosme). In this way, modern consumers have many opportunities to convey a satisfactory or unsatisfactory experience with a purchased product or service compared to past's consumers prior to spread of the internet. Having accepted that changes, this paper suggests the following.

- Customer reviews are an important criteria when an consumer purchases a product or service (Chapter 1).
- Customer reviews are evaluated based on the satisfaction that occurs when a consumer uses a product or a service for the first time (Chapter 1).
- Customer reviews influence financial performance (Chapter 2).

In addressing the satisfaction that occurs when a consumer uses a product or a service for the first time, this

paper shows the following.

- Improving product quality does not necessarily guarantee satisfaction (Chapter 3).
- The effect of celebrity endorsement advertising suppresses disappointment causing satisfaction to increase (Chapters 3 and 4).
- The effect of advertising that communicates a story of the difficulties experienced during product development ameliorate disappointment causing satisfaction to increase (Chapter 5).

Therefore, this paper contributes to the research on the effect of satisfaction (Chapters 1 and 2) and the research on the distorting factors of satisfaction (Chapters 3, 4, and 5) shown in Figure I-1. The next section discusses the structure of this paper.

4. The Study Structure

Chapter 1 discusses the importance of satisfaction that occurs when a consumer purchases and consumes a product or service for the first time from the perspective of consumer behavior. Specifically, we discuss how consumer satisfaction changes, and the change are more crucial when a consumer purchases a product or a service. Chapter 2 shows the impact of satisfaction that occurs when a consumer purchases a product or service on financial performance.

In Chapters 3, 4, and 5, we discuss practical methods to increase the satisfaction that occurs when a consumer purchases a product or a service for the first time. Chapter 3 discusses the potential for increasing satisfaction by improving product quality, and the possible methods for suppressing the disappointment that might be experienced by individuals in a state of high expectation termed psychological expectation management. Then,

Chapter 4 discusses theoretically an advertisement expression capable of suppressing disappointment in a state of high expectation and examine empirically whether it can be confirmed that the advertisement expression has the effect of suppressing disappointment in a state of high expectation. Specifically, we compare the effect of celebrity endorsement advertising with noncelebrity endorsement advertising. Chapter 5 discusses theoretically an advertisement expression capable of resolving disappointment after an individual experiences disappointing to increase the level of satisfaction and examine empirically whether the advertisement expression (the advertising that communicates the difficulties that employees experienced during product development) has the effect of ameliorating disappointment.

In Chapter 6, we first summarize Chapters 1 to 5. Second, we examine the practicality of experiential marketing in increasing satisfaction in modern consumer environment. Finally, we describe this paper's limitations and suggestions for future research.

Each chapter is written based on the author's previous research as follows.

Introductory Chapter: First appearance.

Chapter 1: Ota Masaya (2015) "The Importance of Transaction-Specific Satisfaction and Marketing Required in Information Age," *Studies in Business Administration*, No.42, pp.23-39.

Chapter 2: Ota Masaya (2013) "Torihikigenteitekimananzoku no gendaitekiigi [The Modern Meaning of TSS]," *The Journal of Next Generation Humanities and Social Sciences*, Vol.9, pp.21-36 (in Japanese).

Chapter 3: Ota Masaya (2012) "Kitaimanejimento: maakethingukomyunikeisyon niyoru kokyakumananzoku no jizentousei [Expectation Management: Pre-control of Consumer Satisfaction by Marketing Communication]," *Studies in Business Administration*, Vol.36, pp.223-242 (in Japanese)/ Ota Masaya (2014) "Consumer Satisfaction Communication: The Production of Assimilation Effect by Celebrity Endorsement Advertising," *Distribution Studies: the Annual Report of Japan Society for Distributives Sciences (JSDS)*, No.34, pp.1-15.

Chapter 4: Ota Masaya (2012) “Kitaimanajimento: maakethingukomyunikeisyon niyori kokyakumanzoku no jizentousei [Expectation Management: Pre-control of Consumer Satisfaction by Marketing Communication],” *Studies in Business Administration*, Vol.36, pp.223-242 (in Japanese)/ Ota Masaya (2014) “Consumer Satisfaction Communication: The Production of Assimilation Effect by Celebrity Endorsement Advertising,” *Distribution Studies: the Annual Report of Japan Society for Distributives Sciences (JSDS)*, No.34, pp.1-15.

Chapter 5: First appearance.

Final Chapter: Ota Masaya (2015) “The Importance of Transaction-Specific Satisfaction and Marketing Required in Information Age,” *Studies in Business Administration*, No.42, pp.23-39.

Chapter 1

The Importance of Initial Satisfaction in Modern Times:

The Five Reasons

This chapter discusses the importance of initial satisfaction, which refers to satisfaction that occurs when a consumer purchases and consumes a product or service for the first time.

The structure of this chapter is as follows. We discuss transaction-specific satisfaction and cumulative satisfaction in the first section, which are representative consumer satisfaction classification, and the relationship between two types of satisfaction. Based on the relationship, we suggest new satisfaction concept, initial satisfaction. The second section discusses why relationship marketing is not suitable for managing initial satisfaction. Finally, we discuss the increasing importance of initial satisfaction based on consumer behavior⁽⁸⁾.

1. Initial Satisfaction

(1) Transaction-Specific Satisfaction and Cumulative Satisfaction

Satisfaction can be classified into two types; transaction-specific satisfaction and cumulative satisfaction (Anderson et al., 1994, p.54). Güngör (2007) stated that transaction-specific satisfaction refers to “the post consumption evaluative judgment of a particular satisfaction” (p.19)⁽⁹⁾. This “particular” satisfaction is based on a particular service provision, service encounter, product transaction or product episode (Olsen et al., 2003, p.185;

⁽⁸⁾ This chapter is based on Ota (2015).

⁽⁹⁾ Other definitions of transaction-specific satisfaction are as follows:

“The consumer’s dis/satisfaction with the discrete service encounter” (Bitner, et al. 1994, p.76),

“The satisfaction based on each purchase and consumption” (Ono 2010a, p.38),

“Customer’s evaluation of his or her experience with and reactions to a particular product transaction, episode, or service encounter” (Olsen et al., 2003, p.185).

Oliver 2010, p.173), and transaction-specific satisfaction is evaluated based on that experience itself (Oliver 2010, p.173). In short, transaction-specific satisfaction refers to the satisfaction with a product or service experienced within a specific short time period. Expectancy-disconfirmation theory is often used in the consumer satisfaction definition⁽¹⁰⁾, which describes the satisfaction resulting from comparing pre-purchase expectations and perceived quality after consumption (Oliver 1980, pp.460-461; Ono 2010a, p.80), is based on transaction-specific satisfaction (Teas 1993, p.30; Andreassen et al., 1998, p.8). Additionally, transaction-specific satisfaction plays a role in the formation of pre-purchase expectation, which is used in the evaluation of transaction-specific satisfaction in the subsequent interaction (Boulding et al., 1993, p.19).

Cumulative satisfaction refers to “a customer’s overall evaluation of his or her purchase and consumption experience to date” (Johnson et al., 1995, p.699)⁽¹¹⁾. Unlike transaction-specific satisfaction which is based on the experience within a particular short time period, cumulative satisfaction is based on reflections or current memories of past product or service experiences (Oliver 2010, p.173). The current memories are constructed based on some transaction-specific satisfaction, for example, satisfaction derived from multiple visits to the same restaurant. In short, cumulative satisfaction results from an average of all prior transaction-specific satisfaction events to date (Parasuraman et al., 1994, p.122; Jones et al., 2000, p.148; Güngör 2007, pp.19-20), which were updated after each specific transaction (Jones et al., 2000, p.148). Moreover, like transaction-specific satisfaction, cumulative satisfaction plays a role in the formation of pre-purchase expectation, which is used in the evaluation

⁽¹⁰⁾ For example, according to Kotler et al. (2012b), “satisfaction is a person’s feelings of pleasure or disappointment that result from comparing a product’s perceived performance (or outcome) to expectations (p.128).”

⁽¹¹⁾ Other definitions of cumulative satisfaction are as follows:

“The consumer’s overall dis/satisfaction with the organization based on all encounters and experiences with that particular organization” (Bitner et al., 1994, p.77),

“The satisfaction based on multiple experience for the specific firm” (Ono 2010a, p.38),

“Satisfaction is about all previous transaction experiences over time” (Güngör 2007, p.19).

of transaction-specific satisfaction in the subsequent interaction (Jones et al., 2000, p.148).

As mentioned above, transaction-specific satisfaction and cumulative satisfaction interact with each other. However, note that there is an incomplete correlation between them. Jones et al. (2000) provided the following useful example in considering this point (p.149).

“A consumer may have a dissatisfying experience because of lost baggage on a single airline flight (i.e., low transaction-specific satisfaction) yet still be satisfied with the airline (i.e., overall satisfaction) due to multiple previous satisfactory encounters.”

Jones et al. (2000) confirmed this example by analyzing the relationship between transaction-specific satisfaction, cumulative satisfaction and repurchase intentions empirically. The authors showed that cumulative satisfaction has a positive impact on repurchase intentions, mediating the relationship between transaction-specific satisfaction and repurchase intentions. In other words, the authors found that cumulative satisfaction is sometimes high even if transaction-specific satisfaction is low, and vice versa. Transaction-specific satisfaction has a significant impact on repurchase intentions in the latter case (Jones et al., pp.153-154). Moreover, Brunner, et al. (2008) confirmed that transaction-specific satisfaction has a greater positive impact on repurchase intention for new customers than for regular customers (pp.1100-1101)⁽¹²⁾.

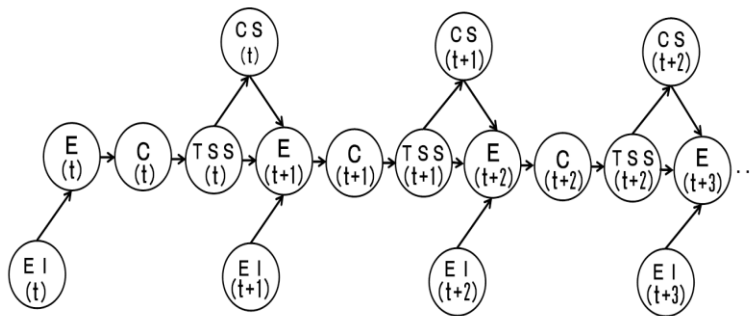
(2) Relationship between Two Types of Satisfaction and Initial Satisfaction

Based on the discussion in (1), the relationship between transaction-specific satisfaction and cumulative

⁽¹²⁾ Brunner, et al. (2008) use the term customer loyalty instead of repurchase intention. We use the term repurchase intention to avoid confusion for readers.

satisfaction can be illustrated as shown in Figure 1-1.

Figure 1-1: Relationship between Transaction-Specific Satisfaction and Cumulative Satisfaction



Note: E = Expectation
 C = Comparison expectation with perceived performance
 EI = External information
 TSS = Transaction-specific satisfaction
 CS = Cumulative satisfaction
 t = Time

First, we explain Figure 1-1 using the case of a restaurant in the service industry. A individual visiting the restaurant for the first time (time “t” in the Figure 1-1) has access to only external information [EI(t)] to form an expectation [E(t)]. External information includes communication by the firm (e.g., advertising, personal selling), word of mouth, price, and past experiences of other firms in the same industry (Zeithaml et al., 1993, pp.9-10). When individuals visit a restaurant for the first time, they evaluate transaction-specific satisfaction [TSS(t)] by comparing the expectation formed based on external information with the perceived quality of the restaurant [C(t)], while generating cumulative satisfaction [CS(t)] simultaneously. At this time, the level of TSS(t) and CS(t) is equal.

In the second individual to visit the restaurant (time “t+1” in the Figure 1-1), the individual forms an expectation at time t+1 [E(t+1)] using TSS(t), CS(t) and external information at time t+1 [EI(t+1)]. For the second visit, individual evaluates transaction-specific satisfaction at time t+1 [TSS(t+1)] by comparing E(t+1) with the

perceived quality of the restaurant at time $t+1$ [$C(t+1)$], and cumulative satisfaction is updated from $CS(t)$ to cumulative satisfaction at time $t+1$ [$CS(t+1)$]. From this point in time, a gap is generated between transaction-specific satisfaction and cumulative satisfaction [e.g., if $TSS(t)$ is 7 out of 10 and $TSS(t+1)$ is 5 out of 10, $CS(t+1)$ score is 6 out of 10]. The same process continues for each subsequent visit after time $t+2$.

Next, we explain Figure 1-1 using the iPhone 5, which is a product in the consumer electronics industry. Unlike the service industry, an individual sometimes has some experience with a brand when purchasing products. In the case of Apple, an individual may have usage experiences with other Apple brand products (e.g., iPad mini, iMac, iPhone 3G, 4, and 4S) before purchasing iPhone 5. The previous experience plays a role in forming expectations (Woodruff et al., 1983, p.298). The individual would form $E(t)$ for the iPhone 5 based on past experiences with Apple and other firms in the same industry, communication by the firm, word of mouth, and price at time t [$EI(t)$]. After purchasing an iPhone 5 and using it for a few days, the individual evaluates $TSS(t)$ by comparing $E(t)$ and the perceived quality of the iPhone 5 [$C(t)$], while $CS(t)$ of the iPhone 5 is generated simultaneously. As in the restaurant example above, at this point, the level of $TSS(t)$ and $CS(t)$ is equal. Then, these experiences are used to form $E(t+1)$ when the $TSS(t+1)$ of the iPhone 5 is evaluated.

However, when is transaction-specific satisfaction of the iPhone 5 at and after time $t+1$ evaluated? An answer to this question can be obtained from the behavioral science field, where a behavior occurs in response to external stimulus called antecedent stimulus (Miltenberger 2012, pp.123-126). In the restaurant case, the visit to the restaurant clearly acts as a stimulus for the behavior of evaluating transaction-specific satisfaction at and after time $t+1$. On the other hand, in the case of the iPhone 5, we believe that the stimuli is generated by communication by Apple (e.g., advertising), publicity (e.g., TV program demonstrating the use of an iPhone 5) and the after-sale service (e.g., system update). Through these stimuli [$EI(t+1)$], the individual updates the $E(t+1)$ formed by $TSS(t)$ and $CS(t)$, and creates a cue to evaluate $TSS(t+1)$. Then, $TSS(t+1)$ is evaluated by comparing $E(t+1)$ and

perceived quality $[C(t+1)]$, and cumulative satisfaction is updated from $CS(t)$ to $CS(t+1)$ simultaneously. The same process continues for time $t+2$ and thereafter. Other products also follow the same process described for the iPhone 5. However, there are also products, such as films, for which the stimulus leading to the behavior of evaluating transaction-specific satisfaction at and after time $t+1$ is clear.

As discussed above, there is a close relationship between transaction-specific satisfaction and cumulative satisfaction. Cumulative satisfaction is updated with increase or decrease of transaction-specific satisfaction. Jones et al. (2000) found that cumulative satisfaction mediated the relationship between transaction-specific satisfaction and repurchase intentions. This means that cumulative satisfaction has strong influence on repurchase intention more than transaction-specific satisfaction. However, there is a case that transaction-specific satisfaction has strong influence on repurchase intention like cumulative satisfaction. That case is the first time that a consumer purchases and consumes a product or service. The level of transaction-specific satisfaction at this time is equivalent to the level of cumulative satisfaction because there is only one transaction-specific satisfaction for a product or a service. Therefore, the transaction-specific satisfaction at this time is the only evaluation criterion for an individual. For this reason, Brunner, et al. (2008) found that transaction-specific satisfaction has stronger impact on repurchase intentions for new customers than for regular customers. We call this type of transaction-specific satisfaction that occurs when a consumer purchases and consumes a product or service for the first time (in other words, an inexperienced product or service) “initial satisfaction.”

Relationship marketing most closely reflects the concept of satisfaction, and it has been widely used since the 2000's in marketing. For example, according to Kotler et al. (2012a), “Marketing is managing profitable customer relationships”(p.4). Actually, relationship marketing is focusing on cumulative satisfaction, not initial satisfaction. In the next section, we discuss how relationship marketing focuses on cumulative satisfaction.

2. Relationship Marketing Focused to Cumulative Satisfaction

(1) Relationship Marketing and its Focus

According to Berry (1983), who first used the term relationship marketing, “relationship marketing is attracting, maintaining and—in multi-service organizations—enhancing customer relationships (p.25).” In other words, it is the marketing strategy to gain profit from regular customers. There are two issues, an increase in the quantity of goods sold and the increase in the costs to acquire new customers associated with these goods sold, that marketers and researchers alike pay attention to in relationship marketing.

Since 1985, a quantity of goods sold in retail stores extremely increased. According to Peppers et al. (1993), the quantity of goods in first half of 1990’s just was twice (30 thousand items) as much as in 1985, even though the time consumers spent shopping remained unchanged (p.268). This increase in choices, and perplexes consumers during purchase decision-making. Iyengar et al. (2000) found that individuals tended to purchase more goods when presented with fewer alternatives. Iyengar et al. (2000) analyzed the purchase of jams in a real supermarket by comparing a display of 6 different jams to that of 24 different jams. Although, more individuals stopped at the booth displaying 24 jams (145 of 242 subjects; 60% of the total) than at the booth displaying 6 jams (104 of 260 subjects; 40% of the total), they purchased more jam from the booth displaying 6 different jams (31 of 104 subjects; 30% of the total) than from the booth displaying 24 jams (4 of 145 subjects; 3% of the total) (Iyengar et al., 2000, p.997). Therefore, when consumers are confronted with an overabundance of goods, marketers need to enable consumers to easily select goods. However, acquiring new customers requires substantial cost, and relationship marketing is one means to solve this problem (Sheth et al., 1995, p.256). Grönroos (1990) stated that acquiring new customers costs more than six times the cost to maintain regular customers (p.149). Additionally, Reichheld et al. (1990) analyzed the effect of maintaining customers on financial performance. Using a survey of more than 100 companies in two dozen industries, the authors confirmed that longer term and regular customers

brought greater profits to a company (Reichheld et al., 1990, pp.106-108).

According to Levitt (1983, p.87);

“The sale, then, merely consummates the courtship, at which point the marriage begins. How good the marriage is depends on how well the seller manages the relationship.”

This accurately describes relationship marketing, which attaches importance to after-sale customer retention rather than one-time purchases from new customers.

(2) Relationship Marketing and Cumulative Satisfaction

As discussed above, the focus of relationship marketing is to manage customers after the sale. In other words, the focus of relationship marketing is on building a close relationship with customers by managing transaction-specific satisfaction and raising cumulative satisfaction in order to reduce the gap between transaction-specific satisfaction and cumulative satisfaction. Therefore, studies on relationship marketing focuses on the management of cumulative satisfaction. One of the main factors to manage cumulative satisfaction successfully is a communication with customers (Anderson., et al., 1989; Anderson., et al., 1990; Peppers et al., 1993; Pine et al., 1993; Morgan et al., 1994).

Maintaining a “husband and wife” relationship successfully requires regular feedback to assess whether the husband or wife is dissatisfied. Not doing so could harm the relationship because grievances are rarely expressed. The same can be said about the seller-buyer relationship (Levitt 1983, pp.90-91). Pine et al. (1993) defined the understanding between a buyer and seller through communication as a “learning relationship.” The authors further suggested that building this relationship could both help understand what customers want and prevent competitors from luring their customers away (p.103). The reason for preventing customers from competitors’ temptation is that “even if a competitor were to build the exact same capabilities, a customer already involved in

a learning relationship with the company would have to spend an inordinate amount of time and energy teaching the competitor what the company already knows” (Pine et al., 1993, pp.103-104). Morgan et al. (1994) called such a loss for customers caused by dissolving relationship “relationship termination costs” (p.24)⁽¹³⁾.

Additionally, the field of customer relationship management (CRM) has also shown the importance of communication in building relationships (Parvatiyar et al., 2001; Jayachandran et al., 2005, Mithas et al., 2005). CRM is defined as “a company level program of customer relationship development based on information technology” (Minami 2006, p.55), being “a mean shaping relationship marketing concept or an advanced variation of relationship marketing” (Minami 2008, p.34). For example, Jayachandran et al. (2005) suggested a “relational information process” (pp.178-179), which involves information reciprocity (sharing information with customers), information capture (acquiring information from customers), information integration (integrating customer related information), information access (accessing customer related information), and information use (using customer related information for products or services). The authors showed that the relational information process has a positive effect on customer relationship performance (consumer satisfaction and customer retention), and the positive effect is increased through CRM technology (the technology supporting the relational information process) (Jayachandran et al., p.188). In this context, Mithas et al. (2005) confirmed that CRM technology positively affects customer knowledge and consumer satisfaction, and customer knowledge mediated the effect of CRM technology on consumer satisfaction (p.205)⁽¹⁴⁾. We show the summary of the main previous studies of relationship marketing and CRM in Table 1-1.

⁽¹³⁾ Jones et al. (2007) confirmed that relationship termination costs (so called “lost benefit costs) have a positive effect on affective commitment (p.346). Affective commitment results from a customer having a relationship with the company because the customer wants to (Jones et al., 2007, p.337).

⁽¹⁴⁾ Mithas et al. (2005) use the term “CRM applications” with the same meaning as “CRM technology”. We use the term “CRM technology” to avoid confusion for readers.

Table 1-1: Previous Studies on Relationship Marketing and CRM

Researcher	Theoretical or Empirical?	Research Content
Anderson et al. (1989)	Empirical	<p>Verification for strengthening a relationship between a manufacturer and channel members.</p> <p><Result></p> <ul style="list-style-type: none"> • Communication between a manufacturer and channel members has a positive effect on mutual trust. • Trust has a positive effect on the perceived continuity of relationship. • Communication has not direct influence on the perceptions of relationship continuity.
Anderson et al. (1990)	Empirical	<p>Verification for the effect of increasing a relationship between a manufacturer and a distributor.</p> <p><Result: Distributor perspective></p> <ul style="list-style-type: none"> • Communication between a manufacturer and a distributor has a positive effect on cooperation. • Cooperation has a positive effect on the functionality of conflict and trust. <p><Result: Manufacturer perspective></p> <ul style="list-style-type: none"> • Increasing communication between a manufacturer and a distributor do cooperation and trust. • Cooperation has a positive influence on trust. • Trust has a negative effect on conflict and a positive effect on satisfaction in relationships.
Peppers et al.(1993)	Theoretical	<p>The authors suggest one to one marketing and stressed the importance of increasing communication.</p> <p>The authors' state, "Every dialogue with any customer is an opportunity to build the scope of your relationship with that customer" (p.329).</p>
Pine et al. (1993)	Theoretical	<p>The authors suggest learning relationships defined as "ongoing connection that becomes smarter as the two interact with each other, collaborating to meet the consumer's needs over time" (p.103).</p>

Morgan et al. (1994)	Empirical	<p>Verification of a relationship between trust and relationship commitment, which verifies precursors and outcomes of trust and relationship commitment.</p> <p><Result></p> <ul style="list-style-type: none"> • Communication has a positive effect on trust. • Trust has a positive effect on relationship commitment. • Relationship commitment has a negative effect on the propensity to leave.
Parvatiyar et al. (2001)	Theoretical	<p>The authors suggested the CRM process framework, which consists of the CRM formation process, CRM management and governance process, and the CRM performance metrics process.</p> <p>The authors incorporate communication into the CRM management and governance process and state the following.</p> <p>"Communication with customer partners is a necessary process of relationship marketing. It helps in relationship development, fosters trust, and provides the information and knowledge needed to undertake the cooperative and collaborative activities of relationship marketing. In many ways it is the lifeblood of relationship marketing" (p.14).</p>
Jayachandran et al.(2005)	Empirical	<p>Verification of a link between relational information processes and customer relationship performance.</p> <p><Result></p> <ul style="list-style-type: none"> • Relational information processes positively influence customer relationship performance. • CRM technology mediates the above.
Mithas et al. (2005)	Empirical	<p>Verification of a link between the use of CRM application, company customer knowledge, and satisfaction.</p> <p><Result></p> <ul style="list-style-type: none"> • Using CRM applications positively effects customer knowledge ,and satisfaction. • The effect on satisfaction is mediated by customer knowledge.

Notes: (1) Functionality of conflict defined as “an evaluative appraisal of the results of recent efforts to resolve disagreements” (Anderson et al., 1990, p.45).

(2) Relationship commitment defined as “ an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it; that is, the committed party believes the relationship is worth working on to ensure that it endures indefinitely” (Morgan et al., 1994, p.23).

As discussed above, relationship marketing focuses on building relationships by managing cumulative satisfaction using information resulting from communication with customers about a product or service. Service dominant logic introduced by Vargo and Lusch, is a type of relationship marketing focused on products that has attracted attention in recent years. To put it simply, service dominant logic is a way of thinking which sees a product as a part of service. In service dominant logic, a product is considered as a means to spread a service (Vargo et al., 2008, p.7). This point of view resembles Levitt's claim (1983) "the sale, then, merely consummates the courtship, at which point the marriage begins" (p.87). Therefore, we believe that service dominant logic also focuses on cumulative satisfaction.

Nowadays, initial satisfaction cannot be ignored; however, relationship marketing does not place much emphasis on initial satisfaction. In next section, we discuss the reasons behind the growing importance of initial satisfaction.

3. Importance of Initial Satisfaction in Modern Times

(1) Changes in Consumer Purchasing Behaviors and the Increasing Importance of Customer Reviews

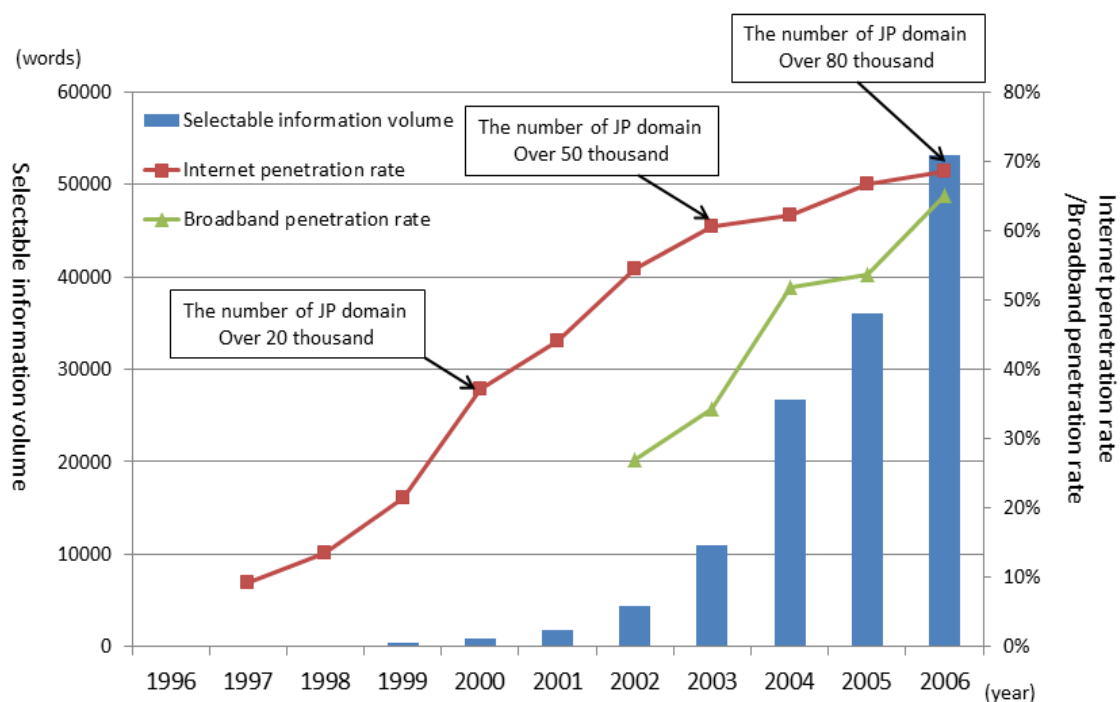
AIDA (Attention → Interest → Desire → Action) is a consumer purchasing behavior process modeled by Lewis based on his experience as a salesman. In Japan, after World War II, AIDMA (Attention → Interest → Desire → Memory → Action), which incorporated memory into AIDA, was considered a representative model of consumer purchasing behavior (Nishihara 1991, p.192). After the year 2000, consumer purchasing behavior changed from AIDMA to AISAS (Attention → Interest → Search → Action → Share) (Akiyama et al., 2004), and AISCEAS (Attention → Interest → Search → Comparison → Examination → Action → Share) (Amviy Communications Inc., 2005). These two models imported the concept of information seeking. Information seeking, however, was not a unique idea because the concept was already in representative consumer purchasing

behavior models before 1990. For example, the perceptual constructs in the Howard- Sheth model consists of (1)Attention, (2)Stimulus Ambiguity, (3)Perceptual Bias, and (4)Overt Search, which contribute to the function of obtaining and processing information (Howard et al., 1969, p.32, pp.36-38, p.48), and the seven steps of the consumer decision process by Engel et al. (1995). The steps for Engel et al. (1995) are Need recognition → Search for information → Pre-purchase alternative evaluation → Purchase → Consumption → Post-purchase alternative evaluation → Divestment (pp.142-143). What are the differences in the definition of information seeking before the year 1990 and after the year 2000? We discuss these differences from the perspective of information-seeking cost.

Information-seeking cost can be categorized into two groups, external cost and cognitive cost. External cost is “the cost of resources buyers invest in search, such as monetary costs to acquire information, or opportunity costs of time in foregone activities” (Smith et al., 1999, p.286). Cognitive costs are the costs which are “internal to the buyer and reflect the cognitive effort must engage in to direct search inquiries, sort incoming information and integrate with stored information to form decision evaluations” (Smith et al., 1999, p.286). First, we discuss the differences in the definition of information seeking for the periods before the year 1990 and after the year 2000 from the perspective of external cost. Figure 1-2 shows changes in selectable information volume, internet penetration rate, and broadband penetration rate in Japan⁽¹⁵⁾.

⁽¹⁵⁾ Selectable information volume indicates the total amount of information provided by each media types, which individuals can select for a year (MIC 2005, p.20).

Figure 1-2: Changes in Selectable Information Volume, Internet Penetration Rate and Broadband Penetration Rate in Japan



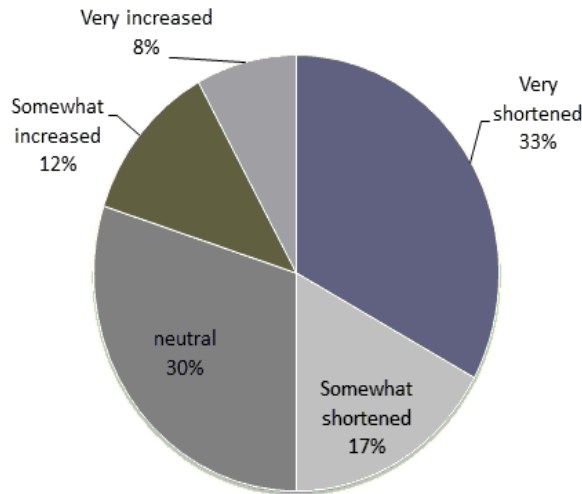
Notes: JP domain indicates the country code of Japan incorporated website address, which end with “.jp”.
 (Source) Made by author using MIC (2009), MIC (2006), and the official website of the Japan Registry Services.

Before 1990, there were no resources for products or services information unless a consumer visited a shop directly or purchased an information magazine, both of which involved significant external cost. Figure 1-2 shows that information consumers can select increased with the rising internet penetration rate because the broadband penetration rate exceeded 30% in 2004. The penetration of internet and broadband increased the number of websites (see the number of JP domains in Figure 1-2) and allowed consumers to seek information more easily and in less time (reducing external costs) than in 1990. Figure 1-3 indicates changes in information-seeking time for consumers before and after internet usage. Figure 1-3 shows that information-seeking time reduced because consumers began to use the internet (very shortened + somewhat shortened = 50%), and that reduced time tendency was stronger for the consumers who used the internet less than two hours a day (very shortened + somewhat shortened = 54%).

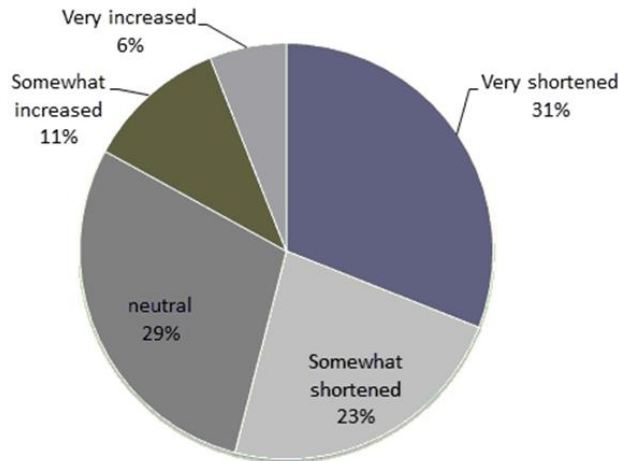
This is the first difference in information seeking observed during the pre-1990 and post-2000 period.

Figure 1-3: Information-Seeking Time for Consumers Before and After Internet Usage

(a) For the 30 to over 60 age group (n = 500)



(b) For the 30 to over 60 age group and internet usage of less than two hours (n = 204)



Notes: This survey was conducted for males/females in the 30 to over 60 age group using internet research (Research firm: Mixi Research, Inc.). The survey was conducted on September 29, 2012.

Next, we discuss the difference in the meaning of information seeking for the periods before the year 1990 and after the year 2000 from the perspective of cognitive cost. Chris Anderson, author of *The Long Tail: Why the*

Future of Business Is Selling Less More, suggested the long-tail theory. The long-tail theory explains the phenomenon that sales of low ranking goods (part of tail) rival the sales of high ranking goods (Anderson 2008, pp.20-24). Anderson (2008) found this phenomenon by analyzing online shops (e.g., Amazon.com, Netflix, Rhapsody).

Anderson (2008) suggested that three forces encouraged the emergence of the long-tail phenomenon (pp.53-57).

- (a) Democratization of the tools of production. The personal computer has made millions of people “producers;” individuals can produce short films, songs, or novels using personal computers.
- (b) Drastic reductions in the costs of consumption from distribution democratizing. The penetration of the internet has allowed low cost content distribution.
- (c) The linking of supply and demand. Individuals have driven demand down the tail through innovations such as customer reviews.


Notable is the links between supply and demand. Anderson calls the links between supply and demand “filters,” which are categorized as pre-filters and post-filters. Before internet penetration, individuals selected products based on the information provided by companies. Anderson (2008) calls this information “pre-filters” (p.122). In contrast, information volumes increased to levels that could not be consumed after internet penetration. However, screening information on the internet through search engines (e.g., Google, Yahoo) and customer reviews (e.g., Amazon.com, Kakaku.com) allowed individuals to select and to discern a bad product from a good product or service. Anderson (2008) calls the screening information produced by someone other than a company⁽¹⁶⁾, and

⁽¹⁶⁾ Changes in the results of search engines are caused by the number of links and users (MIC 2009, p.8).

which allows an individual to discern the best product, “post-filters” (p.122). Figure 1-4 shows some examples of each filter.

Figure 1-4: Pre-filters and Post-filters

Pre-filters	Post-filters
Editors	Blogs
Record label scouts	Playlists
Studio executives	Reviews
Department store buyers	Customers
Marketers	Recommendations
Advertisers	Consumers

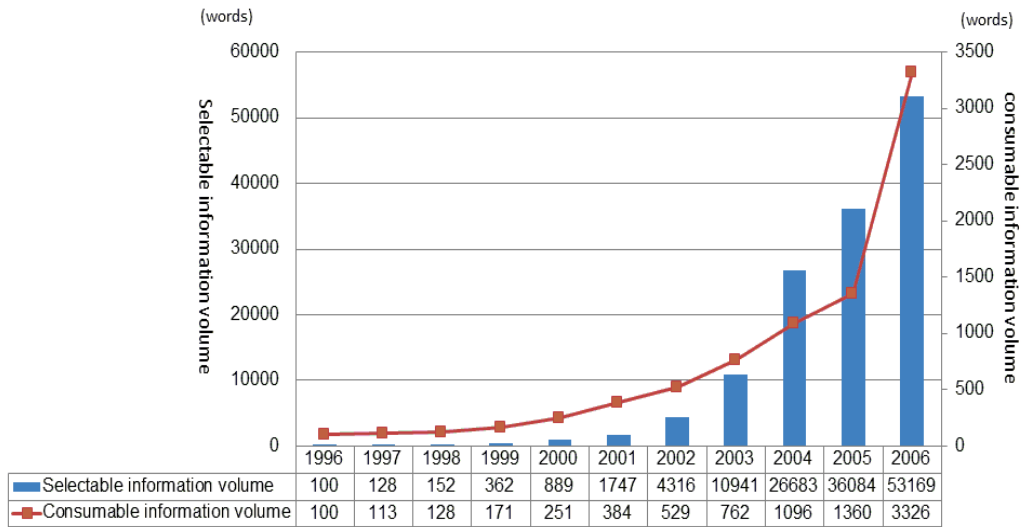


Before Internet Diffusion
After Internet Diffusion

(Source) Anderson (2008), p.123.

Our cognitive cost is reduced because of post-filters. Figure 1-5 shows the changes in selectable information volumes and consumable information volumes, and Table 1-2 shows the main events for the internet industry in Japan from the year 1998 to the year 2005.

Figure 1-5: Selectable Information Volumes and Consumable Information Volumes in Japan



(Source) Made by author using MIC (2006).

Table 1-2: The Internet Industry in Japan from 1998 to 2005 in Japan

Year	Primary events
1998	Kakaku.com began operations.
1999	@cosme began operations.
2000	Amazon.co.jp began operations.
	Google (Japanese version) began operations.
2003	Rakuten “Minna No Okaimono Review” began operations.
2004	Word of mouths posts on @cosme reached over two million.
2005	Tabelog.com began operations.
	Word of mouths posts on Kakaku.com reached over 4.6 million.
	A review system was introduced on Kakaku.com.

(Source) Made by author based on each company’s official website⁽¹⁷⁾.

¹⁷ Table 1-2 is based on information from Amazon Services Japan “Footprints of Amazon.co.jp,” <http://services.amazon.co.jp/about/corporate-history.html> (October 03, 2014, in Japanese); Google Inc. “Google Launches New Japanese, Chinese, and Korean Search Services,” <http://googlepress.blogspot.jp/2000/09/google-launches-new-japanese-chinese.html> (October 03, 2014); Istyle Inc. “History,” <http://www.istyle.co.jp/company/history/> (October 03, 2014, in Japanese); Kakaku.com “Press Release on December 07, 2005,” <http://corporate.kakaku.com/press/release/20051207> (October 03, 2014, in Japanese), and Rakuten Inc. “Press Release on January 15,” <http://corp.rakuten.co.jp/news/press/2009/0115.html> (October 03, 2014, in Japanese).

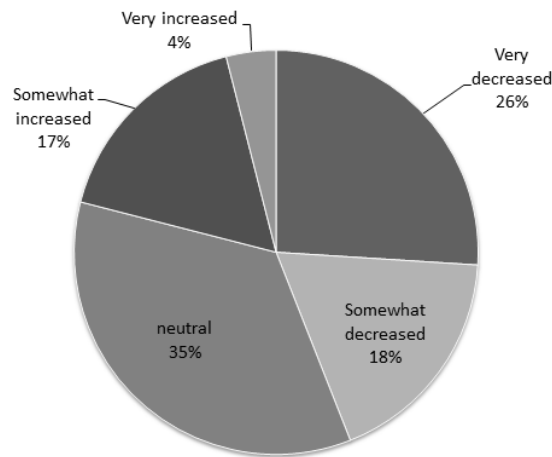
Figure 1-5 shows that consumable information volumes first increased by more than 100 words from the year 2000 to the year 2001. We believe that this increase was caused by information screening through Google (Japanese version) and customer reviews on Amazon.co.jp, which started operating in the year 2000. Moreover, consumable information volumes in 2006 were approximately nine times higher than the volume in 2001 (384 words in 2001 → 3326 words in 2006). From the year 2001 to the year 2006, the two review sites “Minna no Okaimono Review,” which reviews products purchased on Rakuten Ichiba, and “Tabelog.com,” which is a website that reviews restaurants, began operating. Additionally, Kakaku.com introduced a review system, which is a representative price comparison site in Japan. Review sites contribute to the organization of information on the internet so that individuals can select the best products or services (the role of review sites is to function as a post-filter). These review sites explain why consumable information volumes declined from the year 2001 to the year 2006.

Individuals relied on pre-filters when purchasing products or services before 1990, when the internet was not growing, because post-filters were only composed of face-to-face communication; therefore, the cognitive cost was high for the selection and combining of practical information; pre-filters did not serve the purpose of indicating bad products. However, information volumes have increased since the year 2000 because of internet diffusion, but this information is organized by post-filters on the internet. Individual cognitive cost was reduced because post-filters, which are made by individuals through experience, inform the individual of the best option.

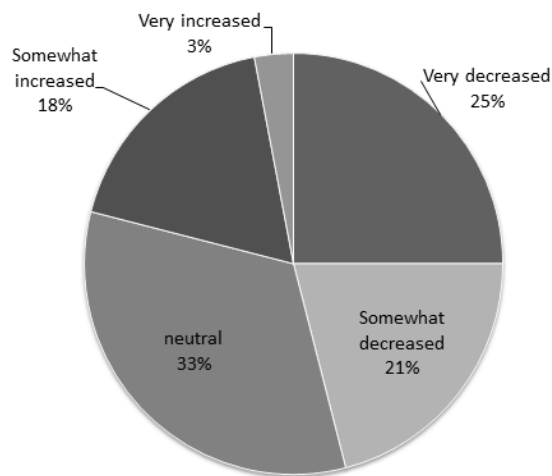
Figure 1-6 shows the differences in information-seeking efforts before and after internet diffusion.

Figure 1-6: Information-Seeking Efforts Before and After Internet Diffusion

(a) For the 30 to over 60 age group (n = 500)



(b) For the 30 to over 60 age group and internet usage of less than two hours



Notes: This survey was conducted for males/females in the 30 to over 60 age group using internet research (Research firm: Mixi Research, Inc.). The survey was conducted on September 29, 2012.

Figure 1-6 shows that approximately 50% of individuals recognized that information-seeking efforts decreased, and individuals using the internet less than two hours a day recognized that efforts decreased (very decreased + somewhat decreased = 44%) more than the individuals using the internet more than two hours in a day (very decreased + somewhat decreased = 46%). Therefore, there is a difference in cognitive efforts in information

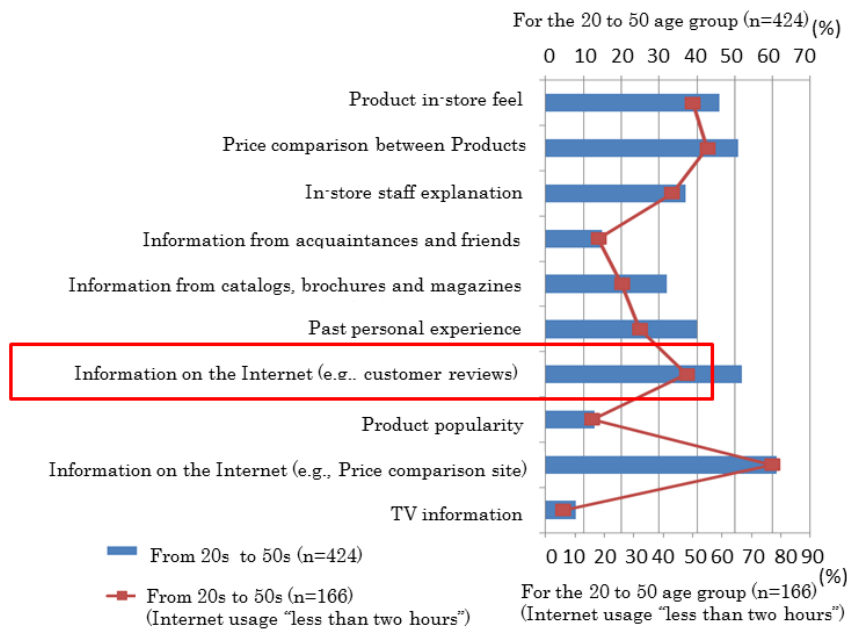
seeking in the year before 1990 and after 2000, and this is the second difference between the two periods.

Information-seeking behaviors are more driven after the year 2000 than before the year 1990 for the following reasons.

- External cost was reduced because of internet penetration.
- Cognitive cost was reduced because of internet post-filters.

With respect to post-filters, customer reviews particularly are used as a buying criterion. Figure 1-7 shows the factors of purchase decision making.

Figure 1-7: Factors of Purchase Decision Making



- Notes: (1) This survey was conducted for males/females in the 20 to 60 age group using internet research (Research firm: Mixi Research, Inc.). The survey was conducted on September 23, 2012.
- (2) We use data for the 20 to 50 age group because we believe that individuals in their 60s do not use the internet to the same extent as individuals aged between 20 and 59.
- (3) We referred to Nagashima et al. (2002) or item choice (e.g., product in-store feel).
- (4) This survey incorporated multiple answers.

Figure 1-7 indicates that customer reviews are actually a purchasing criterion regardless of the extent of internet

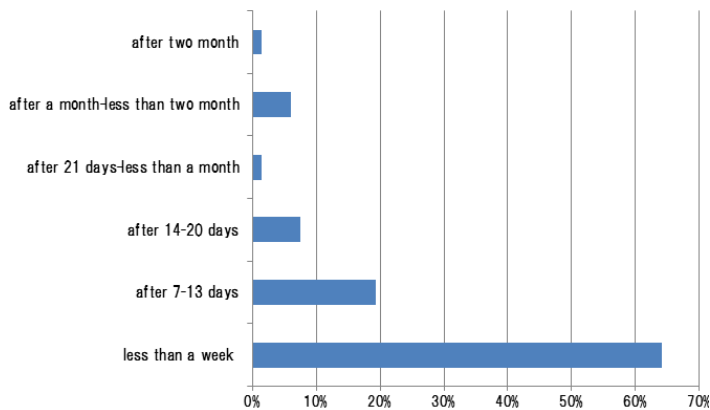
usage. Next, we discuss that customer reviews is evaluated based on the satisfaction that occurs when a consumer purchases and consumes a product or service for the first time, “initial satisfaction”.

(2) Relationships between Initial Satisfaction and Customer Reviews

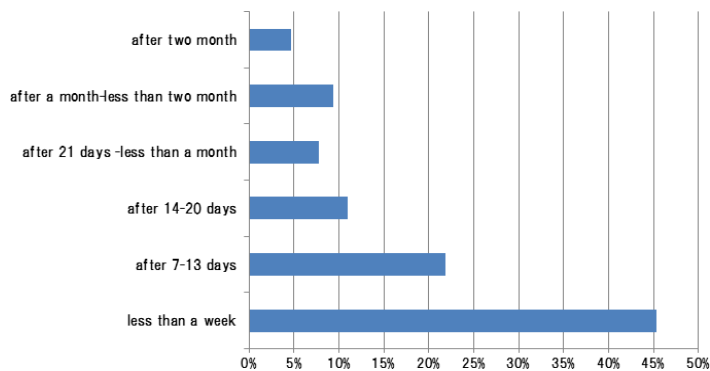
Ota (2014) indicated by surveying a time span in posting customer reviews after purchasing that initial satisfaction is based on an evaluation of customer reviews. Figure 1-8 shows the survey results.

Figure 1-8: Time Span in Posting Customer Reviews after Purchasing

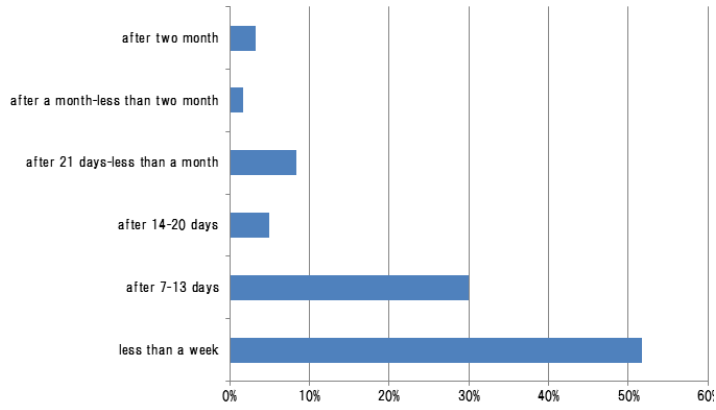
(a) DVD, Blu-ray, etc. (n = 67)



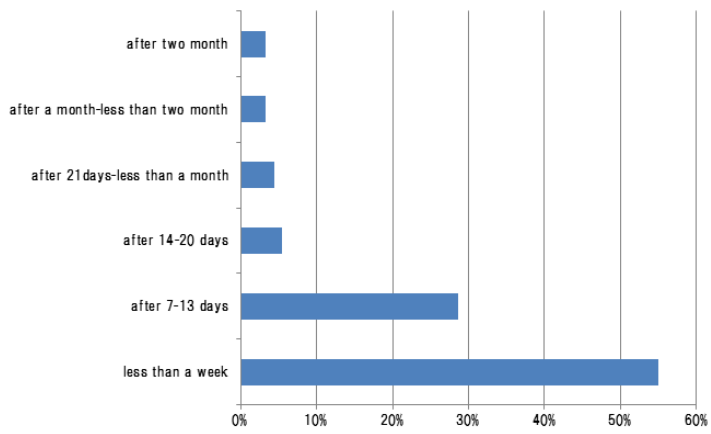
(b) Cosmetics (n = 64)



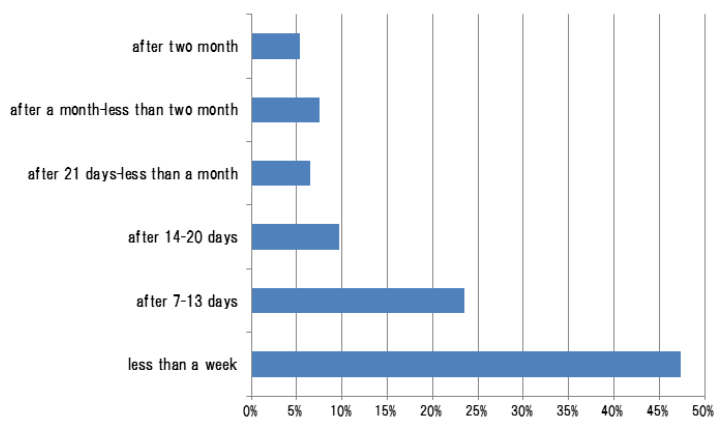
(c) Game Software (n = 60)



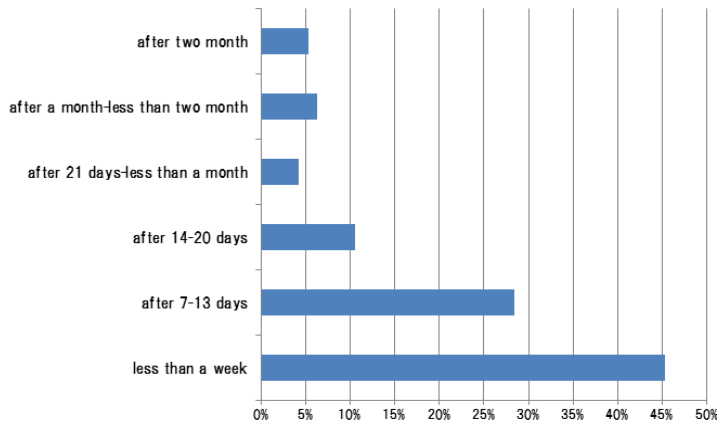
(d) Personal Peripheral Equipment (n = 91)



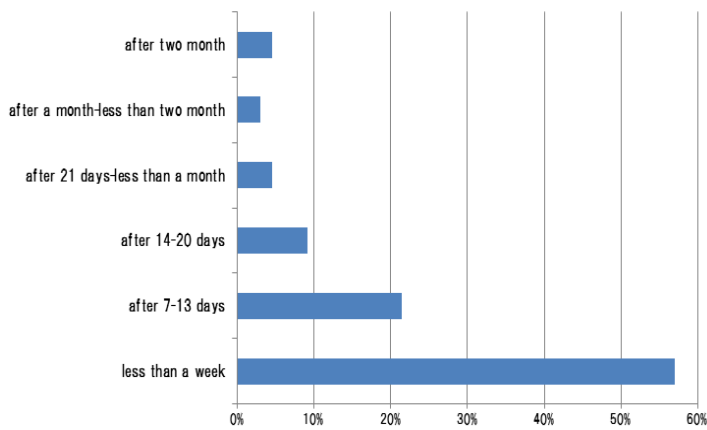
(e) Electronics (n = 93)



(f) Home Appliance (n = 95)



(g) Book (n = 130)



(Source) Ota (2014), p.11.

Notes: This survey was conducted for males/females in their 20s-60s by using web research (Research firm: Mixi Research, Inc.). The survey was conducted was on September 12, 2012.

As indicated in Figure 1-8, the time span from purchase to posting customer reviews is centered on “less than a week” in seven product categories (DVD, Blu-ray, etc.; Cosmetics; Games software; Personal peripheral equipment; Electronics; Home appliances; Books). The percentage of “less than a week” is as follows: DVD, Blu-ray: 64.2% (43 of 67 subjects), Cosmetics: 45.3% (29 of 64 subjects), Game software: 51.7% (31 of 60 subjects), Personal peripheral equipment: 54.9% (50 of 91 subjects), Electronics: 47.4% (44 of 93 subjects), Home appliances: 45.3% (43 of 95 subjects) and Books: 57% (74 of 130 subjects).

Initial satisfaction is the satisfaction occurred when individuals purchased and consumed a product or a service for the first time. This survey results mean that customer reviews are evaluated on the basis of experiences after purchasing and consuming a product or a service for the first time without taking into consideration after-the-sale service. In other words, this survey results demonstrate that customer reviews are evaluated based on initial satisfaction. .

Finally, we explore why individuals tend to post reviews within a short time after purchase and consume, summarizing why initial satisfaction is important in the modern times.

(3) One of the Reasons to Post Customer Reviews in a Short Time

Why individuals tend to post reviews so quickly after purchase and consume? Some of the reasons we could imagine is caused by “the degree of internet usage” and “the degree of posting experiences in customer reviews. We also collected two data, internet use time per day as the degree of internet usage and posting experiences in customer reviews, from the survey of time span in posting customer reviews, analyzing correlation between internet use time per day and the time span in posting customer reviews, and between posting the experience in customer reviews and the time span in posting. Table 1-3 indicates the result of the correlation analysis.

Table 1-3: Result of Correlation Analysis

		Internet use time per day v.s. Time span in posting customer reviews	Posting experiences in customer reviews v.s. Time span in posting customer reviews
Correlation coefficient	DVD, Blu-ray, etc. (n = 67)	.177	.004
	Game Software (n = 60)	.253	.167
	Cosmetics (n = 64)	.249	.103
	Personal Peripheral Equipment (n = 91)	.168	.168
	Electronics (n = 93)	.255	.118
	Home Appliance (n = 95)	.153	.130
	Book (n = 130)	.150	.148

Notes: The analytical software employed was IBM SPSS Statistics 21.

As seen in Table 1-3, the correlation coefficient between the internet use per day and the time span in posting customer reviews in all seven categories indicated a low level (.150-.253), with the same trend confirmed in the analysis result between posting the experiences in customer reviews and the posting time span (.004-.168).

The analysis result means the reason individuals tend to post reviews so quickly after purchase and individual is not caused by the degree of internet usage and posting experiences in customer reviews. Then, what is the reason?

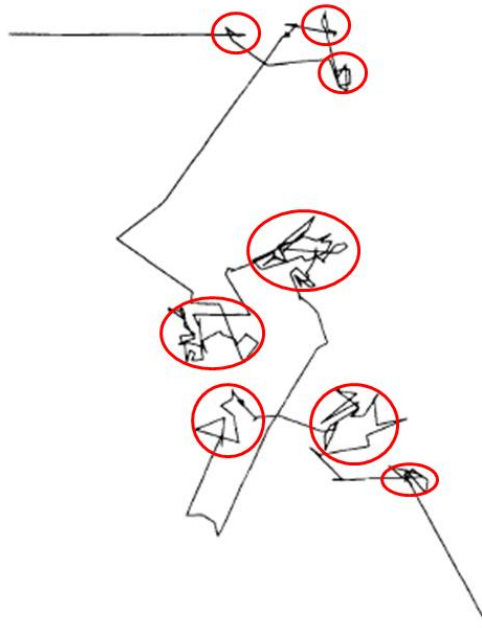
One of the answers is suggested by researches of the behavioral science field.

How often do we conduct a specific behavior (e.g., sending e-mail)? In traditional studies of behavioral science, this answer is that a specific human behavior occurs at a regular interval. However, one of the zoological researches changed the traditional views of a specific human behavior. The research is the study of foraging trips of albatross by Viswanathan et al. (1996).

Viswanathan et al. (1996) attached electronic recording devices to the legs of five different adult albatross and collected the foraging data over a three-month summer period (p.413). Figure 1-9 shows the results, which

indicate typical foraging patterns by albatross from their data.

Figure 1-9: Typical Albatross Foraging Trips

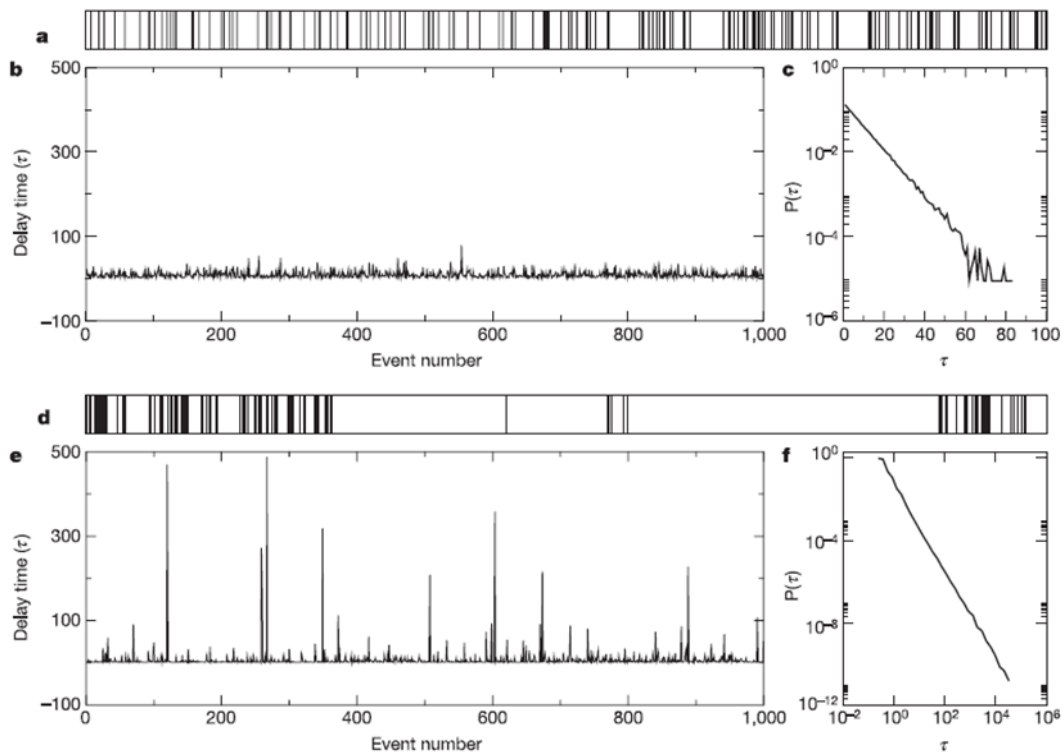


(Source) Extracted partly from Viswanathan (1996), p.415, Figure 4 and contributions from the author.

Parts of the circle in Figure 1-9 indicate foraging, and parts other than circles in Figure 1-9 indicate no foraging or flight to the next foraging field. Figure 1-9 shows that albatross do not conduct foraging at regular intervals but do so intensely for a short time and then fly for a long time to the next foraging field, continuing this foraging pattern. This pattern was found in human behavior after the authors' research.

Barabási (2005, 2010) named this behavioral pattern “burst”, which means a specific behavior occurs during intensive, short time intervals, with a long of period of rest between consecutive demonstrations of the specific behavior. Barabási (2005) presented a model diagram to explain “burst”, shown in Figure 1-10.

Figure 1-10: Model Diagram of Traditional Pattern and Burst Pattern



(Source) Barabási (2005), p.208.

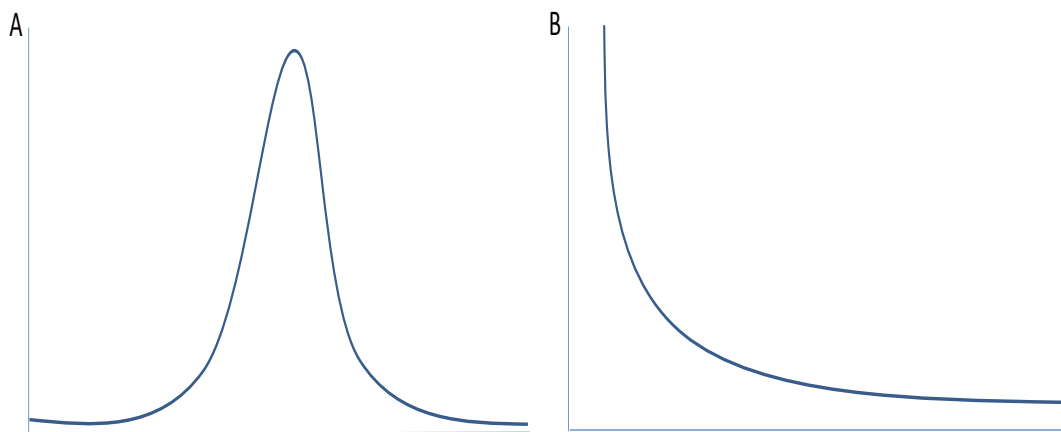
Notes: (1) Event number = the occurrence number of a specific behavior.

(2) Delay time = the time interval between a specific behavior (e.g., sending e-mail at time t) and the next specific behavior (e.g., sending e-mail at time $t + 1$).

The upper diagram (a, b, c) indicates the traditional pattern of a specific human behavior, and the lower diagram (d, e, f) indicates the burst pattern of a specific human behavior. The diagram “a” and “d” explains each pattern simply using the horizontal axis to denote time and a vertical line to denote an occurrence of a specific behavior. As seen in “a” and “d,” a specific behavior occurs at a regular interval in the traditional pattern (“a” in Figure 1-10), but intensely in a short time with a long interval between consecutive occurrences of a specific behavior in the burst pattern (“d” in Figure 1-10). The diagrams “b” and “e” illustrate “a” and “d” by plotting the number of occurrences of a specific behavior (e.g., sending e-mail at time t) and the time interval between the next occurrence (e.g., sending e-mail at time $t + 1$) (henceforth, the time interval) on the horizontal and vertical axes.

The last two diagrams, “c” and “f,” indicate the distribution of the time interval in diagrams “b” and “e.” The horizontal axis indicates the length of the time interval (“t” in Figure 1-10) and the vertical axis indicates the number of the time interval [“P(t)” in Figure 1-10] (Barabási 2005, p.208). “c” is a semi logarithmic graph and “f” is a logarithmic graph; however, as shown in Figure 1-11, the former is the graph of the Poisson distribution, which closes to a hanging bell type graph (“A” in Figure 1-11), and the latter is the graph of power-law distribution when these graphs are depicted on a linear scale (“B” in Figure 1-11).

Figure 1-11: Image of Poisson Distribution and Power-Law Distribution



For example, the burst pattern is confirmed for the behavior of sending e-mail (Barabási, 2005, p.209), visiting a web portal site, and borrowing a book from a library (Vázquez et al., 2006, pp.3-5). The reason that the burst pattern occurs is prioritization. According to Barabási (2010), we tend to deal with a task in the order of descending priority, and a new task is added to the prioritization after dealing with a high priority task, completing a new task if the new task is of higher priority than remaining tasks (p.124). In summary, the burst pattern occurs as a result of dealing with a high priority task and its related task added after dealing with the high priority task intensely in a short time period.

The AISAS model (Attention → Interest → Search → Action → Share), which is representative purchasing behavior model suggested by Akiyama et al. (2004), better accounts for consumer behavior in the information age. As mentioned above, it is characterized by searching for information for a product or service (Search) before purchasing (Action), and sharing opinions and comments about the product or service (Share) after consumption (Action), unlike the traditional AIDMA (Attention → Interest → Desire → Memory → Action) purchasing behavior model. Based on the AISAS model and evidence from the burst pattern, we believe that the behaviors of purchasing, consuming (Action), and posting customer reviews (Share) occur in a short time span because they reflect a high priority task and its related task added after dealing with the highest priority task. That is the reason why the time span in posting customer reviews in Figure 1-8 is concentrating in lower side (less than a week).

Therefore, one reason that individuals post reviews within a short time after purchase and consumption is not the extent of internet usage and customer review posting experience in customer reviews but human behavior characteristics.

We have discussed the significance of initial satisfaction in modern times. We suggest five reasons for this significance.

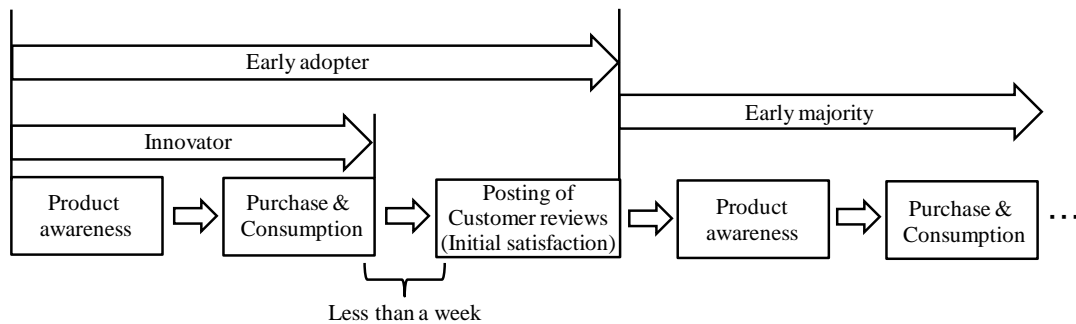
- (1) After the year 2000, information-seeking behavior was driven by a decrease in external cost because of internet penetration and in cognitive cost by post-filters.
- (2) Customer reviews among post-filters particularly are used as buying criteria.
- (3) Customer reviews are evaluated based on initial satisfaction that occurs when a consumer purchases and consumes a product or service for the first time (in other words, an inexperienced product or service) because customer reviews are posted rapidly after purchasing (less than a week).

(4) Rapid customer review posting is not caused by the extent of internet usage and the posting experience of customer reviews.

(5) Rapid customer review posting is caused by the human behavior characteristic “burst,” for which a specific behavior occurs intensely for a short time with a long interval between consecutive occurrences of the specific behavior.

Assuming Rogers’s diffusion of innovation theory, first, innovators [who are the earliest purchaser of an innovation and prefer to enjoy an innovation privately (Rogers 2003, pp.282-283)] purchase and consume a new product or service after recognizing that information from marketing communication (e.g., advertising) by a company. Then, early adopters [who are the early purchaser of an innovation and have the tendency of sharing information of their experience with an innovation (Rogers 2003, pp.283)] purchase and consume the new product or service and post their comment (which is based on initial satisfaction) to it on customer reviews less than a week. After that, early majorities [who have the role of linking between the very early and relatively late adopters in an innovation of diffusion process (Rogers 2003, pp.283-284)] begin to adopt the product or service by referring to customer reviews which are posted by early adopters, and the product or service becomes popular. Therefore, in modern times, we need to increase initial satisfaction, especially initial satisfaction of early adopters because their satisfaction becomes a buying criteria for consumers who purchase following early adopters (Figure 1-12).

Figure 1-12: Key Factor of a New Product or Service Diffusion, ‘Initial Satisfaction’



4. Summary and Conclusion

This chapter discussed the importance of initial satisfaction in modern times. First, we described the relationship between transaction-specific satisfaction and cumulative satisfaction, confirming that cumulative satisfaction is based on the satisfaction generated by each transaction (transaction-specific satisfaction). Moreover, from the relationship, we suggested the new satisfaction concept, ‘initial satisfaction’. Initial satisfaction occurs when an individual purchases and consumes a product or service for the first time, and that satisfaction level is equivalent to the cumulative satisfaction level.

Second, we suggested that relationship marketing focuses on cumulative satisfaction, not initial satisfaction. Therefore, studies related to relationship marketing and CRM, which is a developed concept of relationship marketing, claim the importance of continued communication with customers, strengthening the relationship. We found that the focus of relationship marketing and CRM is to increase cumulative satisfaction using customer information derived from communication with customers. The theory of service-dominant logic, which is attracting attention in the marketing field, originated from relationship marketing and CRM, and also focuses on cumulative satisfaction.

Third, we discussed the importance of initial satisfaction in modern times by focusing on information-seeking cost, customer reviews, and the time span of customer review postings. The penetration of the internet brought

the reduction of external cost and the appearance of post-filters (e.g., customer reviews, blogs). Among post-filters, customer reviews particularly are used as buying criteria and are evaluated based on initial satisfaction because the time span for customer review posting is rapid after purchase and consumption. Additionally, we found that the rapid posting of customer reviews is not a reflection of the extent of internet usage and customer review posting experience but the human behavior characteristic “burst,” for which a specific behavior occurs intensely for a short time with a long interval between consecutive occurrences of the specific behavior. We suggested the five reasons for the findings finally.

In traditional marketing, increasing or improving satisfaction means to do cumulative satisfaction, not initial satisfaction. However, we need to not only focus to cumulative satisfaction but also initial satisfaction because consumers in the modern times post customer reviews quickly after purchasing (less than a week), and customer reviews are one of the main buying criteria for consumers. In other words, early adopters who are the key people of a new product or service diffusion also post customer reviews based on their initial satisfaction with a new product or service quickly after purchasing, and that customer reviews are one of the main criteria for early majorities who purchase it following early adopters.

Although we indicated the importance of initial satisfaction in this chapter, we did not discuss its impact on financial performance. In the next chapter, we address the financial impact of initial satisfaction.

Chapter 2

The Impact of Initial Satisfaction

Chapter 1 discussed the significance of initial satisfaction from the perspective of change in the modern consumer's purchasing behavior. This chapter discusses the impact of initial satisfaction on financial performance⁽¹⁸⁾ to strengthen the argument in Chapter 1.

The structure of this chapter is as follows. First, we discuss the traditional studies on the impact of satisfaction on financial performance. After 1990, the attention of marketers was drawn to relationship marketing and CRM. Studies on the impact of cumulative satisfaction and customer loyalty on financial performance began on the industrial level or company level. Second, this section discusses studies on the impact of initial satisfaction on financial performance. Specifically, after the year 2000, the appearance of customer reviews allowed the posting of satisfactory or unsatisfactory reviews of individual products (at the product level) on the internet, and research on the impact of initial satisfaction (customer reviews) increased because consumers gradually began to use customer reviews as a reference for product purchases. Finally, we empirically examine the impact of initial satisfaction on financial performance for modern consumers, and suggest a different direction from previous studies⁽¹⁹⁾.

1. The Traditional Studies on Impact of Satisfaction

In Chapter 1, we indicated that active study of relationship marketing and CRM appeared after 1990 (see Table 1-1 in Chapter 1). Studies on the impact of cumulative satisfaction and customer loyalty also began shortly after.

⁽¹⁸⁾ We use "financial performance" as words meaning sales, revenue, or profit.

⁽¹⁹⁾ This chapter is based on Ota (2013).

Improving cumulative satisfaction leads to improving customer loyalty (Lam et al., 2004, p.296, pp.302-304); however, cumulative satisfaction is not necessarily the cause of customer loyalty. Jones et al. (1995) categorized customers into six types based on the extent of cumulative satisfaction and customer loyalty, as shown in Figure 2-1.

Figure 2-1: Customer Classification by Jones et al. (1995)

	Cumulative Satisfaction	Customer Loyalty	Behavior Characteristics
Loyalist/Apostle	High	High	Loyalist: A customer who's needs fit the company's product/service so that the customer repetitively purchases the product/service. Apostle: Basically, the same as loyalist but tends to create word of mouth aggressively.
Defector/Terrorist	Low to Medium	Low to Medium	Defector: A customer who is dissatisfied with a company's product or service. Terrorist: A customer who is more dissatisfied with a company's product or service than a defector.
Mercenary	High	Low to Medium	A customer who does not consistently buy the same product or service.
Hostage	Low to Medium	High	A customer who is forced to purchase a specific product or service because substitutes are not available or the cost of switching is high.

(Source) Made by author based on Jones et al. (1995), pp.96-97.

Note the loyalist/apostle and mercenary in Figure 2-1. Loyalist/Apostle represents customers who feel satisfied with a company’s product or service and exhibit repeat purchase. In this case, cumulative satisfaction works as the leading indicator for customer loyalty. In contrast, mercenary indicates a customer who is satisfied with a company’s product or service but has no intention to keep purchasing that product or service. In this case, cumulative satisfaction does not work as the leading indicator of customer loyalty. This represents the one major difference between cumulative satisfaction and customer loyalty.

First, we review studies addressing the impact of cumulative satisfaction on financial performance.

(1) The Impact of Cumulative Satisfaction on Financial Performance

There are two types of the study that address the impact of cumulative satisfaction on financial performance: industry-level (including cross-industry studies) and company-level studies. We first review the industry-level research.

Industry level studies use the Swedish Customer Satisfaction Barometer (SCSB) or the American Customer Satisfaction Index (ACSI) as satisfaction scales. The SCSB was “developed to give related satisfaction information to shareholders, governments and customers as well as companies, data was collected for 30 industries and 100 companies from 1989 to 1990”(Minami et al. 2010, p.11). The ACSI was developed based on SCSB (Minami et al. 2010, p.11) and continues to collect data every year. SCSB and ACSI provide the company satisfaction scores shared among multi-industries (e.g., airlines, computer software manufacturers, food manufacturers, internet retail, and the hospitality industry). The company satisfaction score corresponds to cumulative satisfaction because it is calculated based on customer purchase experiences with a company to date.

Anderson et al. (1994) examined the effect of cumulative satisfaction on financial performance using regression analysis, the SCSB as cumulative satisfaction variables, and ROI (return on investment) as financial performance variables. The authors conducted regression analysis on two models, one considering time lag and one excluding time lag. The analysis of both models showed that cumulative satisfaction had a significant positive impact on ROI (Anderson et al., 1994, pp.60-61). Anderson et al. (2000a) also examined the relationship between cumulative satisfaction and ROI for 125 companies using the SCSB as cumulative satisfaction variables. The results clarified that a 1% increase in cumulative satisfaction can increase ROI by 2.37 %, and a 1% decrease in cumulative satisfaction can reduce ROI by 5.08% (Anderson et al., 2000a, p.118).

Research focusing on corporate value (e.g., the market value of equity, Tobin’s q, future cash flow) has been undertaken in recent years (Ittner et al., 1998; Anderson et al., 2004; Gruca et al., 2005; Fornell et al., 2006; Aksoy

et al., 2008).

Ittner et al. (1998) examined the effect of cumulative satisfaction on the market value of equity using regression analysis and the ACSI as cumulative satisfaction variables and the book value of assets and liabilities as control variables. The results showed that the ACSI had a significant positive impact on the market value of equity. The authors also classified the results into four quartiles (Quartile 1, Quartile 2, Quartile 3, and Quartile 4) according to the degree of ACSI ⁽²⁰⁾, which increased as it approached Quartile 4, verifying the difference in the market value of equity using a general linear model (GLM). The result confirmed that Quartile 4 showed the highest score of the market value of equity among all quartiles (Ittner et al. 1998, pp.23-25).

Fornell et al. (2006) also examined the effect of the ACSI on the market value of equity using regression analysis. The analysis result clarified that the ACSI had a significant positive influence on the market value of equity, which is the same finding of Ittner et al. (1998). Specifically, the authors confirmed that a 1% increase in the ACSI can raise the market value of equity by 4.6%. The authors also examined whether news concerning ACSI results moves share prices; however, that effect was not confirmed. The result was the same if the test was undertaken using data five days after the news was provided from the ACSI results and 15 days after the news was provided (Fornell et al., 2006, pp.7-8, p.12). From the results, the authors concluded that news concerning ACSI results do not move share prices⁽²¹⁾.

Aksoy et al. (2008), however, found different results from Fornell et al. (2006). Aksoy et al.'s (2008) results indicated that the results of Fornell et al. (2006) were caused by short-term data (Aksoy et al., 2008, p.108), and the authors examined the effect of ACSI news results on stock returns based on long-term data from the year 1996 to the year 2006. The authors categorized companies into four portfolios (Aksoy et al., 2008, p.109).

⁽²⁰⁾ The ACSI mean score of Quartile 1 was 71.7 in 1994 and 70.1 in 1995, Quartile 2 was 77.2 and 76.2, Quartile 3 was 81.2 and 80.3, and Quartile 4 was 85.7 and 84.8 in 1995 (Ittner et al. 1998, p.26).

⁽²¹⁾ Fornell et al. (2006) used abnormal returns as share price indicators in this examination.

Portfolio High: The companies with an average ACSI score higher than the national average score and for which the change in ACSI was positive.

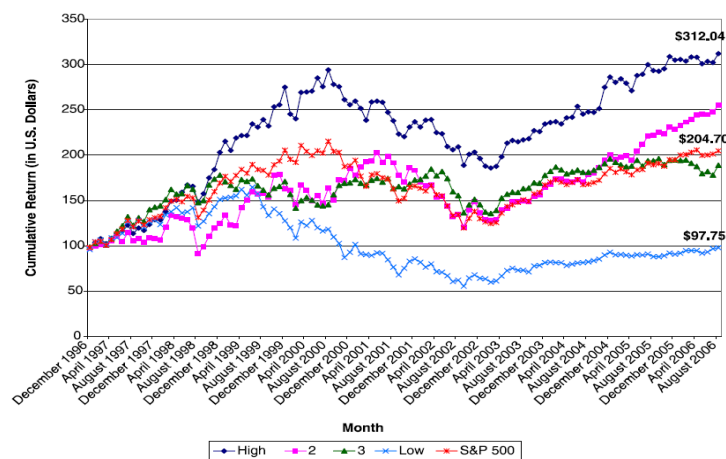
Portfolio Low: The companies with an average ACSI score lower than the national average score and for which the change in ACSI was negative.

Portfolio 2: The companies with an average ACSI score lower than the national average and for which the change in ACSI was positive.

Portfolio 3: The companies with an average ACSI score higher than the national average and for which the change in ACSI was negative.

The authors then tracked the change in stock returns for the above four portfolios and conducted a comparison analysis. Figure 2-2 shows the results.

Figure 2-2: Changes in Cumulative Stock Returns of Four Portfolios and the S&P 500 Index



(Source) Aksoy et al. (2008), p.112.

Figure 2-2 shows that an investment of \$100 in Portfolio High at the beginning of December 1996 increased

to \$312 by August 2006, which shows threefold growth since December 1996, greater than the cumulative return of the S&P 500 index in August 2006 (\$205). In contrast, an investment of \$100 in Portfolio Low decreased by \$98, and shows the lowest growth among the four portfolios. An investment of \$100 in Portfolio 2 or 3 showed similar growth as the S&P 500 index by the end of the investment horizon. Aksoy et al. (2008) complemented the results of Fornell et al. (2006) by adding the long-term perspective.

Additionally, in recent years, Gruca et al. (2005) undertook a study on the positive impact of cumulative satisfaction on future cash flow. The authors used the ACSI as cumulative satisfaction variables in the examination, clarifying that a one-point increase in the ACSI can raise \$1.01 net operating cash flow in the following year for every \$1000 in assets. The average assets of companies used in the examination were \$54 billion. Based on the analytical results, if these companies increase ACSI by one point, future cash flow is \$55 million (Gruca et al., 2005, pp.123-124).

Next, we review company-level research. Research at the company level typically uses a specific company satisfaction as the scale for satisfaction data collection. Company satisfaction represents cumulative satisfaction because it is evaluated based on consumer purchases and consumption experiences with the company's products or services to date.

Ittner et al. (1998) examined the effect of cumulative satisfaction on financial performance using consumer satisfaction survey data collected in 1995 by a telecommunications firm. A regression analysis was conducted, using revenue and revenue change in 1996 as financial performance variables. The analytical results showed that cumulative satisfaction had a significant positive impact on revenue and revenue change (Ittner et al., 1998, p.5, p.7). Additionally, the authors classified customers into 10 deciles (Decile 1 to Decile 10) according to the degree of cumulative satisfaction⁽²²⁾, which increases as it approaches Decile 10. The authors examined the differences

⁽²²⁾ The cumulative satisfaction mean scores are Decile 1, 14.20; Decile 2, 38.94; Decile3, 47.99; Decile 4, 55.81;

in revenue and revenue change between the 10 deciles using GLM. Revenue gradually increased by Decile 4, and the level in Decile 4 almost remained constant from Decile 5 to Decile 8. Then, in Decile 9, the revenue level peaked but decreased in Decile 10 to the revenue level of Deciles 4 to 8 (Ittner et al., 1998, p.12). Revenue change showed the same trend. Revenue change peaked in Decile 6 but decreased from Decile 7 to Decile 10 to the revenue level of Deciles 3 to 5 (Ittner et al., 1998, p.13). The authors claimed from these results, that cumulative satisfaction had a positive effect on financial performance, but there were probably thresholds in the effect (Ittner et al., 1998, p.13)⁽²³⁾.

Williams et al. (2011) conducted the same examination as Ittner et al. (1998). The authors categorized customers of a firm serving business-to-business markets, which is a one of the Fortune 100 firms, into five groups according to the degree of cumulative satisfaction (very satisfied, satisfied, neither, dissatisfied, and very dissatisfied), examining the differences in revenue and revenue growth between the five groups. The results showed that both revenue and revenue growth gradually increased from the very dissatisfied group to the very satisfied group (Williams et al., 2011, p.25). However, there were no thresholds confirmed in the study by Ittner et al. (1998). Additionally, Williams et al. (2011) used correlation analysis to investigate the relationship between cumulative satisfaction growth and revenue growth, and the relationship between cumulative satisfaction growth and net income growth using time series data for five years. The authors found a strong positive relationship between cumulative satisfaction growth and revenue growth. A positive relationship between cumulative satisfaction

Decile 5, 64.44; Decile 6, 69.63; Decile 7, 76.26; Decile 8, 81.35; Decile 9, 88.23; and Decile 10, 98.30 (Ittner et al., 1998, p.12).

⁽²³⁾ Ittner et al. (1998) also conducted another study for 73 retail branches of a leading financial services provider from the Western US region. The authors examined the effect of cumulative satisfaction on financial performance using regression analysis and the satisfaction survey and financial data of the 73 retail branch banks. Revenues, margins, and return on sales (ROS) were used as financial performance variables. The analytical results showed that cumulative satisfaction has a significant positive impact on revenues, subsequent percentage changes in margins, and ROS (Ittner et al. 1998, pp.17-18).

growth and net income growth was also confirmed, but the relationship was weak (Williams et al., 2011, pp.26-27).

Ittner et al. (1998) and Williams et al. (2011) primarily used a variable associated with revenue as financial performance. Hayashi et al. (2010) focused on purchase amount per customer, not revenue, and used regression analysis to investigate the effect of cumulative satisfaction on purchase amount per customer (a monthly average) using consumer satisfaction survey data of a co-operative (co-op). The results showed that cumulative satisfaction has a positive impact on purchase amount (Hayashi et al., 2010, pp.24-25). Therefore, the greater the cumulative satisfaction, the greater the purchase amount for a month.

The studies on the impact of cumulative satisfaction on financial performance were conducted mainly on two levels – the industry level and company level – and showed the existence of the effect of cumulative satisfaction on financial performance. Cumulative satisfaction, however, is the leading indicator of customer loyalty but does not represent customer loyalty itself. Therefore, the studies on the impact of customer loyalty on financial performance were conducted at the same time that the studies on the impact of cumulative satisfaction on financial performance began.

(2) Impact of Customer loyalty on Financial Performance

The studies on the impact of customer loyalty on financial performance studies are also categorized as industry level or company level studies ⁽²⁴⁾.

⁽²⁴⁾ Reichheld et al. (1990) suggested four factors of customer loyalty that increase financial performance. The factors were (a) profit from increased purchases and higher balances, (b) profit from reduced operating cost, (c) profit from referrals, and (d) profit from price premiums (p.108). Factor (a) indicates that if customer loyalty increases, repeat purchase behavior rises and results in company profit. Factor (b) indicates that if a customer is loyal to a firm, the firm can serve the customer efficiently because the firm is familiar with the customer's circumstance; therefore, the customer cost decreases and the firm's profit increases. Factor (c) indicates that if a customer is loyal to a firm, positive word of mouth occurs and profits increase from new customers and

Hallowell (1996) examined the impact of customer loyalty on financial performance for 59 divisions (geographic business units composed of multiple branches) of retail-bank using regression analysis. Customer loyalty was based on relationship length measured by customer retention rates and relationship tenure and relationship depth measured by cross-sell rates, which record the percentage of customer households with multiple accounts (account cross-sell) or multiple services (service cross-sell). NIE/Rev (non-interest expense as a percentage of total revenue) and ROA (return on assets) were used as financial performance variables (Hallowell 1996, p.31). The result showed that retention rates, relationship tenure, account cross-sell and service cross-sell, which are the variables associated with customer loyalty, had a significant negative effect on NIE/Rev, and ROA was affected positively by retention rates, relationship tenure, and service cross-sell.

Hallowell (1996) showed the effect of customer loyalty on financial performance empirically for retail banking but used short-term data. Banker et al. (2000) considered the long term and used regression analysis to examine the effect of customer loyalty on financial performance for a hotel chain using time series data for 72 months. Customer loyalty was measured by the average likelihood that a customer had visited the hotel over the previous six months (i.e., $t - 1$ to $t - 6$), which was denoted "AVGLRETURN." Total revenues per available hotel room in month t , which was denoted "REVENUE" and operating profit per available hotel room in month t , which was denoted "PROFIT," was used as financial performance (Banker et al., 2000, p.74). AVGLRETURN had a significant positive impact on REVENUE and PROFIT, and the percentage change of AVGLRETURN was positively associated with the percentage change in REVENUE and PROFIT (Banker et al. 2000, pp.82-84).

Note that Hallowell (1996) and Banker et al. (2000) used the data associated with customer loyalty collected from targeted companies. The studies on the impact of customer loyalty on financial performance tend to use

decreased advertising costs. Factor (d) indicates that if a customer is loyal to a firm, the customer's price sensitivity is lowered. The customer purchases the firm's products even if the price of the products is high (Reichheld et al., 1990, pp.106-107).

customer loyalty data at the company level (e.g., Sasaki et al., 2005; Matsuoka 2006) because there is no shared index, which disclose the index information to the outside, among industries such as the SCSB or the ACSI. However, Smith et al. (2004) performed an industry level study using a unified customer loyalty index from the magazine industry.

Smith et al. (2004) used PC Magazine's "likely to buy again from this vendor" as the customer loyalty index and used path analysis to examine the effect of customer loyalty on financial performance in the PC industry. Sales growth rate and ROA were used as financial performance variables in the analysis (Smith et al., 2004, pp.193-194). The results showed that customer loyalty had a significant positive impact on sales growth rate and ROA (Smith et al., 2004, pp.199-200).

At the same time as Smith et al. (2004), Reichheld (2003) developed a customer loyalty index useful among multiple industries that examined the relationship between the percentages of a company's customers evaluated high in the developed customer loyalty index and the company's growth rate.

First, Reichheld (2003) developed question items to measure customer loyalty by analyzing the correlation between some question items and actual behavior (e.g., repeat purchases, recommendations to friends and peers). The results were as follows (Reichheld 2003, p.50):

The most effective question item across industries:

(a) How likely is it that you would recommend [company] to a friend or colleague?

The effective question item in certain industries:

(b) How strongly do you agree that [company X] deserves your loyalty?

(c) How likely is it that you will continue to purchase products/services from [company X]?

Next, the author examined customer referral and repurchase behavior using a scale from zero (not at all likely) to 10 (extremely likely) and found three customer types as follows (Reichheld 2003, p.51):

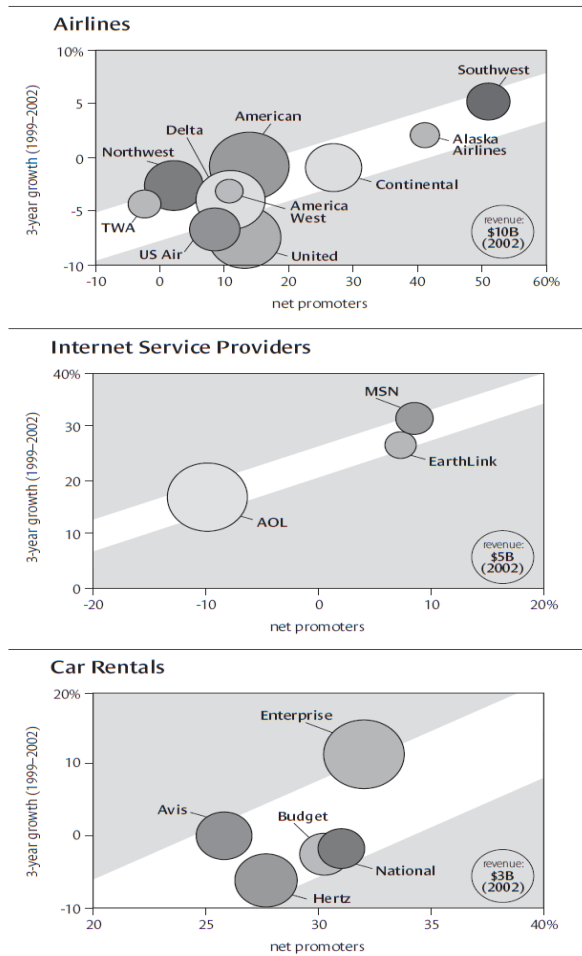
Promoters: customers with the highest repurchase and referral rates, and who gave a rating of nine or 10 in response to question (a).

Passively satisfied: customers who gave a rating of seven or eight in response to question (a).

Detractors: customers who gave a rating below six in response to question (a).

Finally, the author analyzed the relationship between each firm's net promoters (the percentage of promoters minus the percentage of detractors) and each firm's growth rate over the three-year period from the year 1999 to the year 2002 for more than 400 companies in more than a dozen industries. As a result, a strong correlation was confirmed between net promoters and the growth rate for most industries (Reichheld 2003, p.51). Figure 2-3 shows some of the results.

Figure 2-3: Relationship between Net promoters and Growth Rate



(Source) Reichheld (2003), p.52.

The studies on the impact of cumulative satisfaction on financial performance and the impact of customer loyalty were undertaken mainly at the industry level and company level. One explanation is the existence of a shared index across industries, for example, the SCSB or the ACSI and company satisfaction surveys. After 1990, the importance of cumulative satisfaction was emphasized by relationship marketing and CRM studies, and firms required a barometer to confirm if cumulative satisfaction would be increased by their activities. Consequently, the barometers of cumulative satisfaction shared across industries were developed and company satisfaction surveys became popular prompting an increase in industry level and company level studies on the impact of

cumulative satisfaction or customer loyalty on financial performance.

The current environment, however, facilitates posting by individuals at the “product level” (satisfaction with individual products) through customer reviews on sites such as Amazon.com and Kakaku.com. Chapter 1 states that customer reviews are evaluated based on initial satisfaction, not cumulative satisfaction. Studies on the impact of initial satisfaction on financial performance began in earnest after the year 2000 and the establishment of the internet in daily life.

2. New Perspectives on the Impact of Satisfaction on Financial Performance

The appearance of customer reviews facilitated the posting of satisfaction levels for individual products and the study of the impact of initial satisfaction on financial performance at the product level.

Zhang et al. (2006) examined the effect of customer reviews on financial performance using the customer review data of Yahoo! Movies — a film review site operated by Yahoo! — from the year 2003 to the year 2004. At the time, Yahoo! Movies featured two types of review, critic reviews and user reviews⁽²⁵⁾. The authors compared the effect of each type of review on box office revenues.

First, the authors used regression analysis to analyze the relationship between the percentage of positive reviews in critic reviews and box office revenues. The authors confirmed that the percentage of positive reviews was positively associated with box office revenues, but the effect lasted from one to six weeks and diminished in seven weeks (Zhang et al., 2006, p.1966).

Next, the authors verified the effect of the average user review rating on box office revenues using regression analysis. The two analyses were conducted based on the model using five weeks of data for each movie and a model using 10 weeks of data for each movie. The results showed that the average user review rating had a

⁽²⁵⁾ Currently, user reviews and critic reviews on Yahoo! Movies are deleted.

significant positive impact on box office revenues for both models (standard partial regression coefficient of 0.10 in the five-week model and 0.04 in the ten-week model). Specifically, the authors clarified that a one-point increase in the average user review rating could raise box office revenues from 4.4% to 10% (Zhang et al., 2006, pp.1970-1971). The results also indicated that user reviews have a more persistent effect than critic reviews. Additionally, the standard partial regression coefficient was 0.13 in the analysis of the effect of the five-week critic reviews (Zhang et al., 2006, p.1966), and the coefficient was at almost the same level for the analysis of the effect of user reviews in the same weeks (coefficient 0.10). Zhang et al. (2006) showed from the results that a consumer's decision to watch a movie was influenced more by user reviews than critic reviews.

At the same time as Zhang et al. (2006), Chevalier et al. (2006) examined books sold by Amazon.com and Barnes & Noble.com and the relationship between customer reviews and sales ranking using regression analysis⁽²⁶⁾. The results showed that the average customer review rating on Amazon.com had a significant impact on sales ranking. Specifically, if a book's average customer review rating on Amazon.com was one, two, or three stars, the book's sales ranking on Amazon.com would rise (sales fall), and if the average rating was four or five stars, the book's sales ranking would fall (sales increase). In contrast, the average rating on Barnes & Noble.com had no significant impact on sales ranking on that site, but if samples were restricted to the books that had at least one review, the impact was confirmed (Chevalier et al., 2006, pp.349-350). The authors also examined the effect of the percentage of five-star reviews and one-star reviews on sales ranking on both company sites using regression analysis. The results showed that the percentage of five-star reviews on Amazon.com had a significant

⁽²⁶⁾ "Barnes & Noble, Inc. (NYSE:BKS) is a Fortune 500 company, the nation's largest retail bookseller, and the leading retailer of content, digital media and educational products"
(Barnes & Noble, Inc. "Our Company,"
http://www.barnesandnobleinc.com/our_company/our_company.html, October 19, 2014).
Barnes & Noble, Inc. "operate 661 Barnes & Noble bookstores in 50 states (as of May 3, 2014)" (Barnes & Noble, Inc. "Our Company," http://www.barnesandnobleinc.com/our_company/our_company.html, October 19, 2014).

influence on sales ranking (sales increase) but no significant influence in the case of Barnes & Noble.com. The percentage of one-star reviews had a significant impact on sales ranking on both sites (sales fall) (Chevalier et al., 2006, pp.349-350).

Moreover, Chevalier et al. (2006) examined the effect of changes in the average customer review rating and changes in the proportion of five star and one-star reviews on sales ranking on both sites. The authors confirmed that changes in the average rating could decrease sales ranking (sales increase) on both sites. Changes in the number of one-star reviews had the effect of increasing the sales ranking (sales increase) on Barnes & Noble.com, and changes in the number of five-star reviews had the effect of decreasing sales ranking on Amazon.com (Chevalier et al., 2006, pp.351-352). From these results, Chevalier et al. (2006) concluded that customer review ratings had the effect of decreasing sales ranking (sales increase), but the effect of one-star reviews was greater than the effect of five-star reviews.

Zhu et al. (2010) examined the effect of customer reviews on financial performance for video games similar to Chevalier et al. (2006) and Zhang et al. (2006); however, Zhu et al. (2010) considered the difference in the effect depending on consumer internet experience and the extent of product awareness using regression analysis. The authors used customer review data collected from GameSpot.com⁽²⁷⁾ and the sales data of video games collected from the research firm NPD⁽²⁸⁾ for financial performance. The results showed that the average customer review rating had a significant positive influence on sales if the video games were online games with a low level of recognition, and variation in customer review ratings had a negative impact on sales if the video games were

⁽²⁷⁾ Game Spot.com is a special website for video games. The number of visitors per month reaches approximately 15 million (eBizMBA, Inc. "Top 15 Most Popular Video Game Websites," <http://www.ebizmba.com/articles/video-game-websites>, October 19, 2014).

⁽²⁸⁾ The NPD Group is a New York-based consulting firm that helps clients to provide market information and advisory services (The NPD Group, Inc. "About NPD," <https://www.npd.com/wps/portal/npd/us/about-npd/>, October 19, 2014).

online games with a low level of recognition (Zhu et al., 2010, pp.143-144). Individuals who play online games have more internet experience (Zhu et al., 2010, p.137), and the results reflect this.

The emergence of customer reviews facilitated the posting of satisfactory or unsatisfactory reviews for individual products (satisfaction at the product level) and the study of the impact of initial satisfaction on financial performance. Table 2-1 summarizes the previous studies on the impact of satisfaction on financial performance.

Table 2-1: Studies on the Impact of Satisfaction on Financial Performance

Researcher	Level Type	Research Content	Study Type
Anderson et al. (1994)	Industry level	Verification of the relationship between SCSB and ROI. <Result> •SCSB has a positive effect on ROI.	A
Anderson et al. (2000)	Industry level	Verification of the relationship between SCSB and ROI. <Result> • 1% increase in SCSB can increase ROI by 2.37%. • 1% decrease in SCSB can reduce ROI by 5.08%.	A
Ittner et al. (1998)	Industry level	Verification of the relationship between ACSI and market value of equity. <Result> •ACSI has a positive effect on market value of equity.	A
	Company level	Verification of the relationship between satisfaction and revenue for a telecommunication firm. <Result> •Satisfaction has a positive effect on revenue and revenue change.	A
Gruca et al. (2005)	Industry level	Verification of the relationship between ACSI and future cash flow. <Result> •A one-point increase in the ACSI can raise \$1.01 net operating cash flows in the following year for every \$1,000 in assets.	A

Fornell et al. (2006)	Industry level	<p>Verification of the relationship between the ACSI and the market value of equity, and news ACSI results and share prices.</p> <p><Result></p> <ul style="list-style-type: none"> • ACSI has a significant effect on the market value of equity. A 1% increase in the ACSI can raise the market value of equity by 4.6%. • ACSI results news does not move share prices. 	A
Aksoy et al. (2008)	Industry level	<p>Verification of the relationship between news about ACSI results and stock returns.</p> <p><Result></p> <ul style="list-style-type: none"> • News about ACSI results moves stock returns. 	A
Hayashi et al. (2010)	Company level	<p>Verification of the relationship between satisfaction and purchase amount per customer.</p> <p><Result></p> <ul style="list-style-type: none"> • Satisfaction has a positive effect on purchase amount per customer (monthly average). 	A
Williams et al. (2011)	Company level	<p>Verification of the relationship between satisfaction and revenue.</p> <p><Result></p> <ul style="list-style-type: none"> • Satisfaction has a positive effect on revenue and revenue growth. • There is a strong positive relationship between satisfaction growth and revenue growth. • There is a weak positive relationship between satisfaction growth and net income growth. 	A
Hallowell (1996)	Company level	<p>Verification of the relationship between customer loyalty and NIE/Rev as well as between customer loyalty and ROA for retail banking.</p> <p><Result></p> <ul style="list-style-type: none"> • Customer loyalty has a negative effect on NIE/Rev. • Customer loyalty has a positive effect on ROA. 	B
Banker et al. (2000)	Company level	<p>Verification of the relationship between customer loyalty and revenue as well as customer loyalty and profit for a chain hotel.</p> <p><Result></p> <ul style="list-style-type: none"> • Customer loyalty has a positive effect on revenue and profit. • The percentage change in customer loyalty has a positive effect on the percentage change in revenue and profit. 	B

Reichheld (2003)	Industry level	<p>Verification of the relationship between net promoters and growth rate.</p> <p><Result></p> <ul style="list-style-type: none"> • There is a positive relationship between net promoters and growth rate in most industries. 	B
Smith et al. (2004)	Industry level	<p>Verification of the relationship between customer loyalty and sales growth rate as well as between customer loyalty and ROA.</p> <p><Result></p> <ul style="list-style-type: none"> • Customer loyalty has a positive effect on sales growth rate and ROA. 	B
Suzuki et al. (2005)	Company level	<p>Verification of the relationship between customer loyalty and purchase amount per customer.</p> <p><Result></p> <ul style="list-style-type: none"> • If customer loyalty ratings are more than four scores (out of five scores), purchase amount per customer (annual average) is higher than customers who valued customer loyalty less than four scores. 	B
Matsuoka (2006)	Company level	<p>Verification of the relationship between customer loyalty and purchase amount per customer.</p> <p><Result></p> <ul style="list-style-type: none"> • Customer loyalty has a positive effect on all purchase amounts including the purchase amounts of a guest who is recommended by a customer. 	B
Zhang et al. (2006)	Product level	<p>Verification of the relationship between customer reviews and box office revenue for films.</p> <p><Result></p> <ul style="list-style-type: none"> • The average customer review rating has a positive effect on box office revenue. • A 1% increase in the average review rating can increase box office revenue from 4.4% to 10%. 	C
Chevalier et al. (2006)	Product level	<p>Verification of the relationship between customer reviews and sales ranking for books.</p> <p><Result></p> <ul style="list-style-type: none"> • The average customer review rating has a positive effect on sales ranking. • The percentage of one-star reviews has a greater effect on sales ranking (sales rise) than the percentage of five-star reviews. 	C

Zhu et al. (2010)	Product level	<p>Verification of the relationship between customer reviews and sales for video games.</p> <p><Result></p> <ul style="list-style-type: none"> •The average customer review rating has a positive effect on sales if consumers have substantial internet experience and the product has low recognition. 	C
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Notes: (1) A: Studies on the impact of cumulative satisfaction on financial performance.

B: Studies on the impact of customer loyalty on financial performance.

C: Studies on the impact of initial satisfaction on financial performance.

(2) “Result” indicates a portion of the results from the research.

Table 2-1 shows that the importance of initial satisfaction is increasing, which is reflected in the studies on the impact of satisfaction on financial performance. However, there are two problems in the previous studies concerning the impact of initial satisfaction on financial performance. First, consumers’ internet experience increases over time. Zhu et al. (2010) indicated that the average customer review rating had a positive impact on financial performance (also shown by Chevalier et al., 2006 and Zhang et al., 2006) if consumers had substantial internet experience but the data they used was old and from the years 2003 to 2005. Most consumers in recent years have more internet experience than the consumers targeted by Zhu et al. (2010). Second, the development of commoditization has created less differentiation between brands (Onzo 2007, pp.5-10). Zhu et al. (2010) showed that if a product had low recognition, the average customer review had a positive impact on financial performance, but this tendency could change because of commoditization. The next section examines the relationship between initial satisfaction and financial performance considering these two problems.

3. The Impact of Initial Satisfaction on Financial Performance

(1) Analytical method

We examined the relationship between initial satisfaction (the average of customer review rating) and financial

performance considering the following things.

We used:

- (a) Offline video games with high recognition as the intended products.
- (b) Offline video games in the same category (e.g., action, adventure, board games, fighting and role-playing games), sold at the same time, and with different average of customer review ratings.
- (c) Sales ranking from the website that published the customer reviews as the measure for financial performance.
- (d) Variance analysis and multiple comparisons, not regression analysis.

First, we explain (a). Zhu et al. (2010) showed that the average of customer review rating's positive effect on financial performance was not confirmed in the case of offline games because individuals playing offline games lack the internet experience compared with individuals playing online games (Zhu et al., 2010, p.137, p.144). The internet experience of individuals playing offline games should have increased since the time of the study by Zhu et al. (2010) (who used customer review data from the year 2003 to the year 2005). Moreover, Zhu et al. (2010) showed that the effect of the average customer review rating of financial performance was high in the case of products with low recognition, but there is no difference between products with high recognition in recent years because of commoditization compared to the time of Zhu et al.'s (2010) research. Therefore, we select offline video games with high recognition for our examination.

Next, we explain (b), (c), and (d). Chevalier et al. (2006), Zhang et al. (2006), and Zhu et al. (2010) selected regression analysis as the analysis method. This method can confirm the effect of the average customer review rating on financial performance but cannot confirm a difference in the effect among products that received a different average customer review rating (e.g., a difference in the effect between product A, which received a five-

star average customer review rating; product B, which received three stars, and product C, which received two stars). Therefore, we use offline video games with high recognition in the same category, sold at the same time, and with differing average customer review ratings. Then, we use the sales ranking from the website that published the customer reviews as the measure for financial performance. We record the sales ranking of the offline video games over a long period, comparing the effect of the average customer review rating of the sales ranking between the offline video games using variance analysis and multiple comparison.

Considering the previous discussion, we used three offline video games from the fighting category with differing average customer review ratings as the intended products in the examination, the three offline video games' average customer review ratings from Amazon.co.jp as the data for customer reviews, and the three games' sales ranking on Amazon.co.jp as the data for sales ranking⁽²⁹⁾. These data were collected by us from December 1, 2011 to January 26, 2012. The three video games were selected from 52 video game titles on the basis that each video game in the same category has a different average customer review rating, and these games entered the market at the same time. The three video games were as follows:

Video game A: The video game received an average rating of four to four and a half stars on Amazon.co.jp while data were collected.

Video game B: The video game received an average rating of three to three and a half stars on Amazon.co.jp while data were collected.

Video game C: The video game received an average rating of one and a half to two stars on Amazon.co.jp while data were collected.

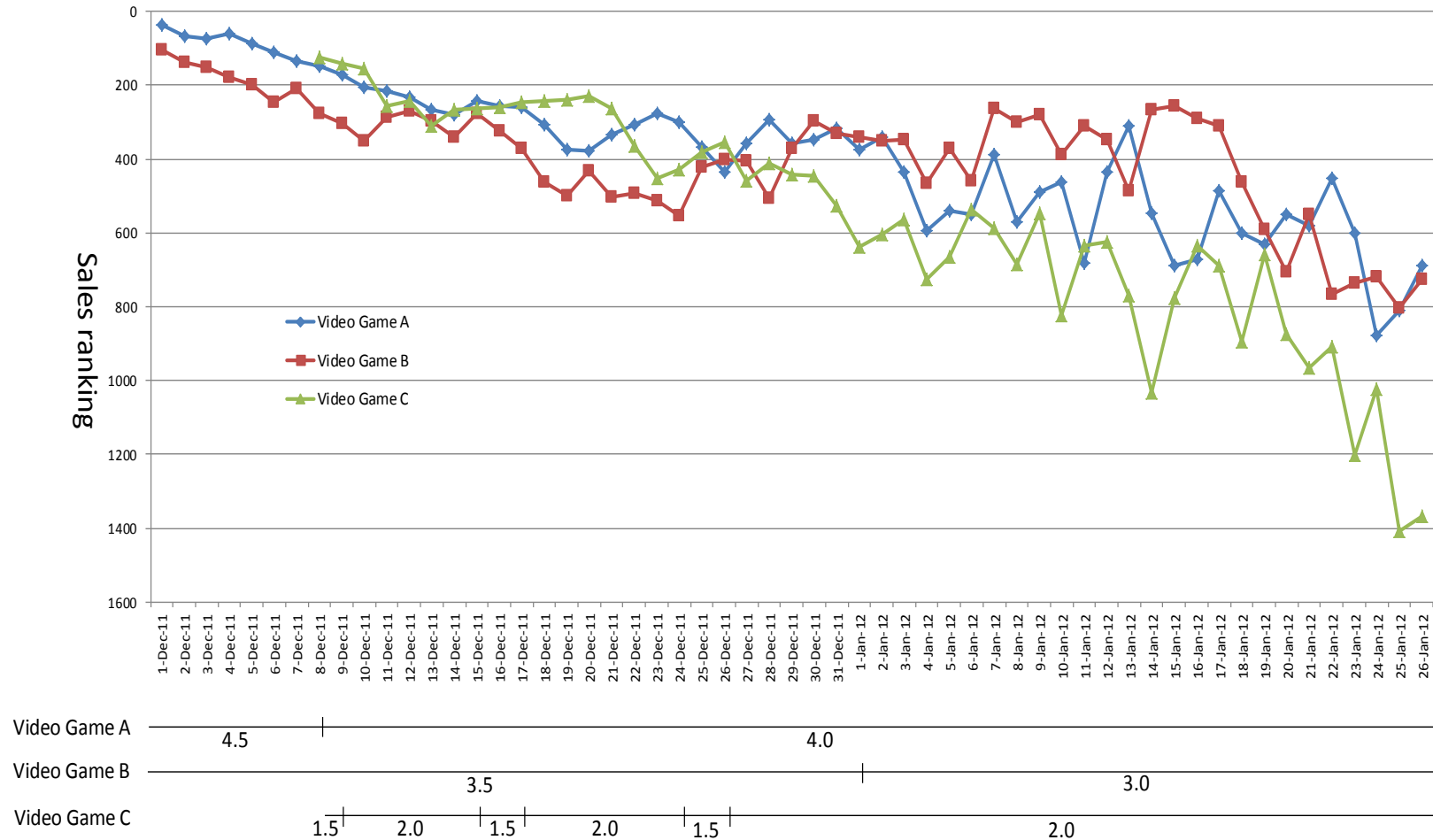
⁽²⁹⁾ When we investigated sales ranking with Amazon.co.jp, we were informed that sales ranking was based on the number of orders including reservation and ordering. The number of orders does not indicate the number of products ordered - if one hundred items of the same product are ordered, the order number is one.

Video games A to C became part of a series; video game A is the 13th product, video game B is the 12th product, and video game C is the 28th product. These video games also became Hollywood movies, and video game C is linked with a popular Japanese animation product. Therefore, we believe that video games A to C have high recognition among individuals who frequently play video games. We compared the sales ranking of the video games A to C with differing average ratings and examined the relationship between initial satisfaction and financial performance. The next section presents the analytical results.

(2) Analytical Results

The upper lines in Figure 2-4 show the change in sales ranking of video games A to C on Amazon.co.jp, and the lower straight line in Figure 2-4 indicates the change in the average rating of video games A to C.

Figure 2-4: Sales Ranking and Average Rating for Video Games A to C



Video games A and B were released December 1, 2011. Video game C was released December 8, 2011, one week after video games A and B were released. The upper lines in graph Figure 2-4 show that the sales ranking of video games A to C were similar by December 26, 2011 (at this time, each video game ranking was as follows; video game A ranked 436, video game B ranked 400, and video game C ranked 355). After December 26, 2011, the sales ranking of video games A to B continued to be similar and did not decline to a great extent, however, the sales ranking of video game C began to decrease gradually compared to video games A and B. Note the sales ranking on December 26, 2012 in Figure 2-4. The difference in sales ranking is enlarged between video games A and B, and C; video game A ranked 687, video game B ranked 725, and video game C ranked 1368.

Sales are concentrated just after launch for video games. Wada (2003) confirmed that 417 out of 434 video game titles (96.1%) had a sales pattern that was concentrated in the first week (p.156). Therefore, video game C had an advantage in sales ranking because video game C was released a week after video games A and B, but the sales ranking of video game C increased more rapidly than games A and B. Figure 2-4 indicates a possibility that a product receiving less than three stars in the average rating is forsaken by consumers.

Next, we examined whether there was a difference in sales ranking distribution between video games A, B, and C using the data for 50 days after video games A to C were released. We used the Kruskal-Wallis test as the statistical analysis method because the result of Levine's test showed that homogeneity of variance was not assumed. The analytical software employed was IBM Statistics 21. Table 2-2 confirmed that there was a significant difference in sales ranking distribution between the three video games ($\chi^2 = 16.728$, $df = 2$, $p < .01$).

Table 2-2: Results of the Kruskal-Wallis Test

(a) Kruskal-Wallis Test

	Video game	N	Average ranking
Ranking	A	50	64.75
	B	50	65.74
	C	50	96.01
	Total	150	

(b) Test Statistics

	Ranking
Chi-square value	16.728
Degree of freedom	2
Asymptote significance probability	.000**

Notes: (1) Grouping variable: Video game

(2) **p < .01, *p < .05

We then conducted a Mann-Whitney test for every three pairs, video games A and B, video games A and C, and video games B and C. Moreover, we employed the Bonferroni method to avoid multiple testing problems. Table 2-3 shows the results.

Table 2-3: Results of the Mann-Whitney Test

(c) Mann-Whitney Test

	Video game	N	Average ranking	Runk sum
A * B	A	50	50.1	2503
	B	50	50.9	2547
	Total	100		
A * C	A	50	40.2	2010
	C	50	60.8	3041
	Total	100		
B * C	B	50	40.3	2015
	C	50	60.7	3035
	Total	100		

(d) Test Statistics

	A * B	A * C	B * C
Mann-Whitney U	1228	735	740
Z	-.152	-3.554	-3.516
Asymptote significance probability	0.879	.000**	.000**
Asymptote significance probability (After Bonferroni method applied)	2.638	.001**	.001**

Notes: (1) Grouping variable: Video game

(2) **p < .01, *p < .05

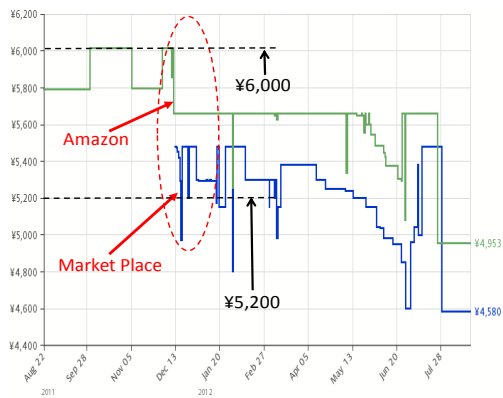
Table 2-3 shows a significant difference between video games A and C and between video games B and C. The results indicate that if the product had high brand awareness and received an average rating of less than three stars, consumers would forsake the product. This is a different result from that of Zhu et al. (2010), who confirmed that if a product had high brand awareness, the average rating did not positively affect the product's sale. Moreover, the analysis employed offline games as intended products. According to Zhu et al. (2010), individuals playing offline games have less internet experience than individuals playing online games, and the authors confirmed that individuals who play online games applied average ratings as purchase criteria more than individuals who played offline games. However, we obtained a different result from Zhu et al. (2010); that individuals who play offline

games apply average ratings as purchase criteria. Our results were derived for two reasons, the increase in consumers' internet experience and the development of commoditization.

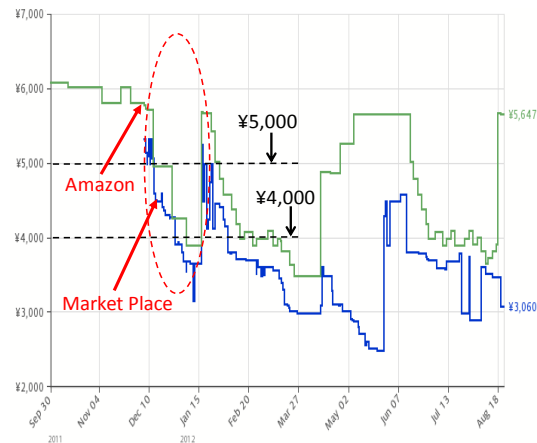
In contrast, there was no significant difference between video games A and B. This result is explained by the price of the new product and the price of the old⁽³⁰⁾. Figure 2-5 shows the change in the new and old prices on market place on Amazon.co.jp for video games A and B.

Figure 2-5: Changes in New Prices and Old Prices on Amazon.co.jp

(a) New Prices of Video Game A

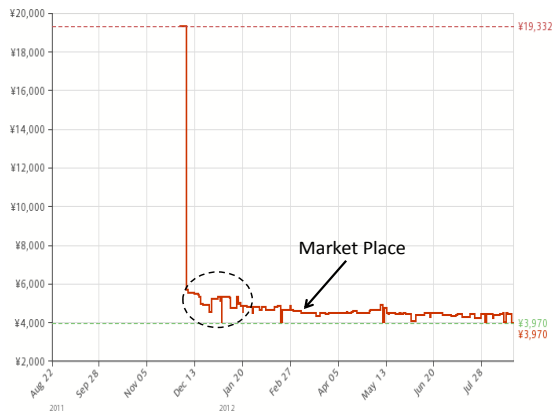


(b) New Prices of Video Game B



⁽³⁰⁾ When we investigated sales ranking with Amazon.co.jp, we were told that sales ranking reflected the products sold by Amazon.co.jp and the products sold in the market place on Amazon.co.jp.

(c) Old Prices of Video Game A



(d) Old Prices of Video Game B



(Source) Made by Author based on data from Camel Camel Camel [<http://camelcamelcamel.com> (October 26, 2014)]⁽³¹⁾.

Notes: The dotted line circle indicates 50-day data, which we used in our examination.

The dotted line of (a), (b), (c), and (d) in Figure 2-5 show that the new price of video game A is within a range of ¥5200 to ¥6000, and the old price of video game A is in the range of ¥5000 to ¥6000. In contrast, the new price and the old price of video game B are less than ¥5000. We believe that the price difference between video games A and B is a contributory factor in the lack of significant difference to sales ranking between them in the analysis.

Additionally, we also discovered another effect of increased average rating. If the average rating for the

³¹ Camel Camel Camel operated by Cosmic Shovel, Inc. released time series data of product prices on each country's Amazon website (Canada, China, France, Germany, Italy, Japan, Spain, the UK, and the USA).

product is relatively high, the market evaluation of the product is high. Note (c) and (d) in Figure 2-5. The old price of video game A decreased to ¥3970 by the end of the time horizon, and the old price of video game B reduced to ¥2496 by the end of the time horizon. This tendency was confirmed by video game C, which decreased to ¥2280 by the end of the time horizon (see Figure 2-6). However, this consideration is not examined empirically and remains at the hypothesis stage.

Figure 2-6: Changes in the Old Price of Video Game C on Amazon.co.jp



(Source) Made by Author based on data from Camel Camel Camel [<http://camelcamelcamel.com> (October 26, 2014)].

In summary, we obtain two findings:

- (a) The average rating is associated with sales ranking.
- (b) If the product has high brand awareness and receives a low average rating (specifically, less than three stars), consumers tend to forsake the product.

Our analytical results differ from those of Zhu et al. (2010), who confirmed that individuals who play online

games use average ratings as purchase criteria when they purchase video games with low brand awareness in comparison with individuals who play offline games. Online game-playing individuals possess internet experience more than off-line game-playing individuals. Today, consumers gain internet experience regardless of whether they are online game-players, which distinguishes them from the samples of Zhu et al. (2010) that date from the year 2003 to the year 2005. Additionally, there is no difference among products with high brand awareness because of commoditization. We believe that these two factors are the cause of the different results compared to those of Zhu et al. (2010), and these two factors increase the impact of average rating of financial performance.

Initial satisfaction has a positive impact on financial performance; therefore, it is important to maximize initial satisfaction in modern times.

4. Summary and Conclusion

This chapter discussed the impact of initial satisfaction on financial performance. First, we reviewed the traditional studies on the impact of satisfaction on financial performance. Relationship marketing and CRM focus on cumulative satisfaction and attracted marketers' attention after 1990. The studies on the impact of cumulative satisfaction and customer loyalty, which is the indicator of the results of increasing cumulative satisfaction, on financial performance were also initiated at the same time because marketers needed to confirm whether their activities contributed to increase cumulative satisfaction. From a review of the two studies, we confirmed that the two studies were conducted on an industrial level, which used company satisfaction scores shared by an industry or multi-industries in the examination and on a company level, which used company satisfaction scores collected by firms.

After 2000, the appearance of customer reviews created an environment that facilitated the posting of "product

level” satisfaction reviews, and the studies on the impact of customer reviews [initial satisfaction (see Chapter 1)] on financial performance began. The previous studies showed that, first, average ratings had a positive impact on financial performance. Second, the impact was confirmed if the product had low brand awareness and individuals had substantial internet experience. However, these tendencies could change because most modern consumers have more internet experience than consumers from previous studies, and the development of commoditization has accelerated.

In this context, we examined the effect of average rating of financial performance empirically on the modern consumer and confirmed the following:

- (a) Average rating is associated with financial performance (the same result as previous research).
- (b) If the product has high brand awareness and has received a low average rating (specifically, less than three stars), consumers tend to forsake the product (a different result from previous research).

As discussed above, we confirmed the impact of initial satisfaction on financial performance. Then, how would companies improve initial satisfaction. The next chapter discusses a measure to increase initial satisfaction theoretically.

Chapter 3

Psychological Expectation Management:

How to Increase Initial Satisfaction

Chapter 1 discussed the importance of initial satisfaction in modern times, and we demonstrated the impact of initial satisfaction on financial performance in Chapter 2. This chapter discusses a method to increase initial satisfaction theoretically.

The next section discusses the mechanism of consumer satisfaction. The third section discusses a method for increasing initial satisfaction based on the mechanism discussed in the first section. We indicate that psychological expectation management, which can suppress disappointment (consequently, increasing satisfaction) through one-sided communication appeals in a state of high expectation, is a practical way to increase initial satisfaction⁽³²⁾.

1. Mechanism of Satisfaction

Satisfaction consists of cognitive aspects, affective aspects and psychological aspects. First, we discuss cognitive aspects.

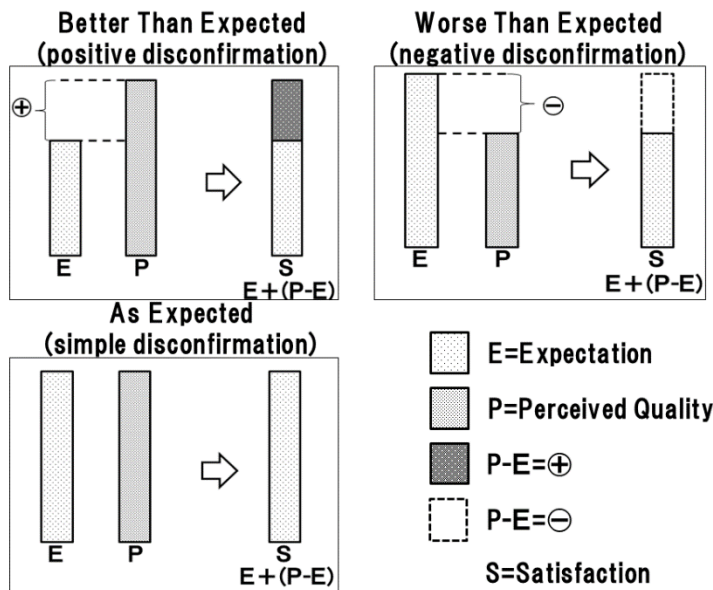
(1) Cognitive Aspects

Satisfaction is derived from the comparison of pre-purchase expectations and perceived quality, which describe in expectancy-disconfirmation theory (Teas 1993, p.30; Andreassen et al., 1998, p.8). We call this comparison result between expectation and perceived quality “cognitive aspects.”

⁽³²⁾ This chapter is based on Ota (2012, 2014).

Figure 3-1 shows a conceptual model of expectancy disconfirmation theory. If the product/service is better than expected (positive disconfirmation; the upper left of Figure 3-1), satisfaction level is calculated by adding the positive difference between expectation and perceived quality to expectation. Satisfaction level is derived by deducting the negative difference between expectation and perceived quality from expectation, if the product/service is worse than expected (negative disconfirmation; the upper right of Figure 3-1). Additionally, if as expected (simple disconfirmation; the lower left of Figure 3-1), satisfaction level comes close to expectation level, the difference between expectation and perceived quality is nearly zero.

Figure 3-1: Conceptual Model of Expectancy-Disconfirmation Theory



Olshavsky et al. (1972) and Oliver (1980) are used as representative earlier studies of expectancy-disconfirmation theory⁽³³⁾.

⁽³³⁾ The study of expectancy-disconfirmation theory already existed in the field of psychology. Carlsmith et al. (1963) is a representative field study on expectancy-disconfirmation theory. Using a sweet liquid and a bitter liquid, the researchers examined the effect of disconfirmation. The results showed that subjects felt

The study of Olshavsky et al. (1972) was outside the satisfaction context but examined the effect of disconfirmation on product ratings for tape recorders through a laboratory experiment. The results showed that subjects who perceived high performance with low expectations rated products higher than subjects who perceived low performance with low expectations, and subjects who perceived high performance with high expectations rated products higher than subjects who perceived low performance with high expectations (Olshavsky et al., 1972, p.20).

On the other hand, Oliver (1980) examined the effect of disconfirmation in the satisfaction context using data collected from real time situations, not a laboratory experiment. The author used the data collected from a nonrecurring federal influenza vaccination program. The measure of disconfirmation was conducted at the officially designated end of the influenza season. The author analyzed the data using path analysis as statistics analysis (Oliver 1980, pp.462-463). The results showed that disconfirmation had a significant positive impact on satisfaction (Oliver 1980, pp.464-465).

The effect of disconfirmation was proved empirically; however, Olshavsky et al. (1976) and Oliver (1980) considered that people used only one expectation. In contrast, Miller (1977) suggested that people used some expectations.

Miller (1977) argued that consumers had four types of expectations (pp.76-79).

Ideal expectation: The “ideal” represents “wished for,” and if this type of expectation is satisfied, the level of satisfaction increases remarkably; even if is not satisfied, individuals do not feel dissatisfaction.

Expected expectation: This type of expectation is the same as the expectation employed by

uncomfortable if they expected the sweet liquid and drank the bitter liquid, and if subjects expected the bitter liquid and drank the sweet liquid, they felt comfortable (Carlsmith et al. 1963, pp.153-155).

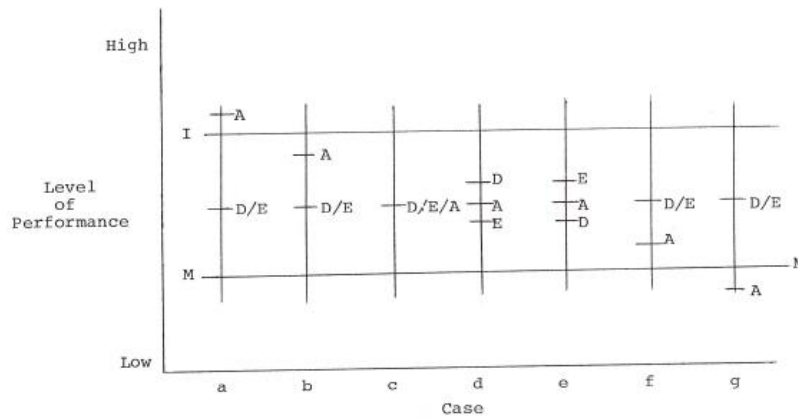
Olshavsky et al. (1976) and Oliver (1980). If this type of expectation is satisfied, the level of satisfaction increases. If this type of expectation is not satisfied, the level of satisfaction decreases.

Minimum tolerable expectation: The “minimum tolerable” is the least acceptable level. If this type of expectation is not satisfied, the level of satisfaction decreases; even if it is satisfied, the level of satisfaction does not change.

Deserved expectation: “Deserved” implies “natural” for individuals. If this type of expectation is satisfied, the level of satisfaction increases somewhat. If this type of expectation is not satisfied, the level of satisfaction decreases.

Figure 3-2 indicates the relationship between the four types of expectation and satisfaction. Case a denotes “very well satisfied,” case b “well satisfied,” case c “satisfied (or neutral),” case d “dissatisfaction,” case e “disappointed,” case f “somewhat strong dissatisfaction,” and case g “strong dissatisfaction” (Miller 1977, pp.77-79). Figure 3-2 shows that ideal expectation and minimum tolerable expectation have great influence on satisfaction and dissatisfaction; however, this is only evident in case a “very well satisfied” and case g “strong dissatisfaction.” In the remaining cases (b to f), expected expectation and deserved expectation is the main factor regulating satisfaction, particularly for case d “dissatisfaction” and e “disappointed.” In case d, actual performance is placed above expected expectation but below deserved expectation, and actual performance is placed above deserved expectation but below expected expectation. That is, expected expectation has particular influence in increasing satisfaction and, in contrast, deserved expectation has particular influence in decreasing satisfaction.

Figure 3-2: Relationship Diagram of Four Types of Expectation and Satisfaction



Notes: A = Perceived actual performance

I = Ideal expectation

E = Expected expectation

D = Deserved expectation

M = Minimum tolerable expectation

(Source) Edited Miller (1977), p.78, Figure 1 by author⁽³⁴⁾.

Swan et al. (1976) examined experimentally the characteristics of expected expectation and deserved expectation suggested by Miller (1977)⁽³⁵⁾. Swan et al. (1976) suggested two types of performance, instrumental performance and expressive performance. Instrumental performance refers to “the performance of the physical product per se” (Swan et al., 1976, p.26). In the case of clothing, durability corresponds to instrumental performance (Swan et al., 1976, p.26), which is compared with deserved expectation. Expressive performance “relates to a ‘psychological’ level of performance” (Swan et al., 1976, p.26). In the case of clothing, styling represents expressive performance (Swan et al., 1976, p.26), which is compared with expected expectation. The

⁽³⁴⁾ Miller (1997) denotes I = ideal performance, E = expected performance, D = deserved performance and minimum tolerable performance; however, “performance” implies the “performance consumers expect.” Therefore, we corrected ideal performance to ideal expectation, expected performance to expected expectation, deserved performance to deserved expectation and minimum tolerable performance to minimum tolerable expectation.

⁽³⁵⁾ Swan et al. (1976) examined the effect of disconfirmation on satisfaction. The authors confirmed that if clothes were as expected or better than expected, most subjects were satisfied with the clothes and, if worse than expected, most subjects were dissatisfied with the clothes (Swan et al., 1976, p.30).

authors examined clothing using critical incidents technique (CIT), which is “a qualitative methodology that has respondents recall in their own words previous experiences (good or bad, satisfying or dissatisfying) relevant to the topic of the investigation and then to provide specific details pertaining to each experience” (Kimmel, 2010, p.145), whether satisfaction was associated with expressive performance, and whether dissatisfaction was associated with instrumental performance. The results showed that if the satisfactory item was recalled, most subjects associated the item with expressive performance, and if the dissatisfactory item was recalled, most subjects associated the item with instrumental performance (Swan et al., 1976, pp.29-30). Shimaguchi (1994) suggested examples of instrumental performance and expressive performance. For example, in the case of banking, safety, certainty, and fairness correspond to instrumental performance. Atmosphere, kindness, and whether an employee is attractive corresponds to expressive performance (Shimaguchi 1994, pp.66-67).

In summary, expected expectation influences increases or decreases in satisfaction and deserved expectation influences decreases in satisfaction. In other words, if cognitive aspects positively influence satisfaction, that indicate “better than expected expectation” or “as expected expectation.” If cognitive aspects negatively influence satisfaction, that indicate “worse than expected expectation” or “worse than deserved expectation.” The consideration that the two expectations have influence on satisfaction was inherited by Boulding et al. (1993), who called expected expectation “will expectation” and deserved expectation “should expectation” (Boulding et al., 1993, pp.9-10). Ono (2010a) also mentioned will expectation and should expectation as representative expectations (p.83)⁽³⁶⁾.

However, other researchers argued that cognitive aspects were not the only factors regulating satisfaction but

⁽³⁶⁾ Cadotte et al. (1987) categorized should expectation (or deserved expectation) into product type norm and best brand norm. In the hotel industry, for example, product type norm is the should expectation formed from all brand experiences in a restaurant category. Best brand norm is the should expectation formed from all the restaurant experiences in the particular category (e.g., fast-food restaurant) (Cadotte et al., 1987, p.308). However, Ono (2010a) suggests that should expectation has not been classified in recent years.

affective aspects were also significant factors.

(2) Affective Aspects

Hunt (1977) argued as follows (p.459):

“Satisfaction is a kind of stepping away from an experience and evaluating it. You may have a pleasurable experience and then be satisfied as you evaluate that experience. If it were not a stepping away, we’d call it happiness or pleasure or a warm feeling or something like that. Satisfaction is not the pleasurableness of the experience, it is the evaluation rendered that the experience was at least as good as it was supposed to be.”

Hunt (1977) considered that affective response could be distinguished from satisfaction. Westbrook (1987) assumed, Hunt’s (1977) argument, that affective response had an impact on satisfaction separate from the impact of cognitive aspects (disconfirmation).

Westbrook (1987) employed Izard’s (1977) taxonomy of affective experience in the examination. Izard’s (1977) taxonomy consisted of three types of affects, positive affect (interest and joy), negative affect (anger, disgust, contempt, distress, fear, shame, and guilt) and neutral affect (surprise).

Westbrook (1987) selected the six types of affect relevant to the post-purchase process among Izard’s (1977) taxonomy, which were interest, joy, anger, disgust, contempt, and surprise and extracting two factors using factor analysis, which were positive affect (joy, interest, and surprise) and negative affect (anger, disgust, contempt, and surprise). Using the two factors, the author investigated automobiles and cable television (CATV) subscription services for the effect of affect response on satisfaction using regression analysis. For automobiles and CATV services, the results showed that positive affect had a positive effect on satisfaction, and negative affect related

inversely to satisfaction. Additionally, these effects were not mediated by disconfirmation. Thus, Westbrook (1987) showed that satisfaction consists of cognitive and affective aspects ⁽³⁷⁾.

Oliver (1993) also examined the effect of affective response on satisfaction using Izard's (1977) taxonomy similar to Westbrook (1987). Among Izard's (1977) taxonomy, the author selected the positive affect of joy and interest, the negative affect of anger, disgust, contempt, shame, guilt, sadness, and fear, but the neutral affect of surprise was not included in the examination. The examination was conducted using two-stage least squares (TSLS) for automobiles and a required course by universities (Oliver 1993, pp.423-425). The results showed that positive affect were positively related to satisfaction, and negative affect had a negative impact on satisfaction in both settings. The author also confirmed that affect was related to satisfaction to a greater extent in the course setting than the automobile setting. In contrast, disconfirmation had a greater influence on satisfaction in the automobile setting, but the influence was substantial in both settings. Moreover, when affect and disconfirmation were included in the model predicting the relationship with satisfaction, the power of explanation was greater than in the model that included either affect or disconfirmation (Oliver 1993, pp.426-427).

The previous studies showed that affect was related to satisfaction directly, which was not mediated by disconfirmation. However, why can the effect of affect be distinguished from the disconfirmation effect? Bitner et al. (1990) provide an answer to this question.

⁽³⁷⁾ Using automobile users' samples, Westbrook et al. (1991) classified Izard's (1977) 10 fundamental affects experimentally into three dimensions, hostility, pleasant surprise, and interest. First, the authors used cluster analysis and found that consumers' affective experiences could be classified into five different clusters, happy/contented experiences (consisting of interest and joy), pleasant (positive) surprise experiences (consisting of joy and surprise), unemotional experiences (unrelated to any fundamental affect), unpleasant (negative) surprise experiences (consisting of surprise, sadness, anger, disgust, contempt, fear, shame, and guilt), and angry/upset experiences (consisting of interest, surprise, sadness, anger, disgust, contempt, fear, shame, and guilt). Next, identifying the dimensions of affect that contain the experiences of five different clusters, the authors employed discriminant analysis and derived four dimensions. However, one of the four dimensions was difficult to interpret; therefore, the authors derived the three dimensions of hostility, pleasant, surprise, and interest (Westbrook et al. 1991, pp.87-90).

Bitner et al. (1990) investigated particular events involving airlines, hotels, and restaurants and whether the related interactions with contact employees were perceived as satisfactory or dissatisfactory by individuals using critical incident technique (CIT). The authors collected a total of 719 incidents. The final valid responses totaled 699 of 719 incidents, which consisted of 347 satisfactory (86 from airlines, 165 from restaurants, and 96 from hotels) and 352 (77 from airlines, 191 from restaurants, and 84 from hotels) dissatisfactory incidents. After the data were collected, the authors sorted the incidents into groups according to similarities. The results showed that the incidents could be sorted into three groups.

Group 1: Employee response to service delivery system failure

“When the service delivery system fails, contact employees are required to respond to consumer complaints or disappointments. The content or form of the employee response determines the customer’s perceived satisfaction or dissatisfaction (Bitner et al., 1990, p.74).”

Group 2: Employee response to customer needs and requests

“When a customer requires the contact employee to adapt the service delivery system to suit his or her unique needs, the contact employee’s response determines the customer’s dis / satisfaction (Bitner et al., 1990, p.75).”

Group 3: Unprompted and unsolicited employee actions

“Events and employee behaviors that are truly unexpected from the customer’s point of view (Bitner et al., 1990, p.75)” determines the customer’s perceived satisfaction or dissatisfaction.

Each group’s composition was 33.2% in Group 1, 24.2% in Group 2, and 42.6% in Group 3. The composition for satisfactory incidents was 23.3% in Group 1, 32.9% in Group 2, and 43.8% in Group 3 and, for dissatisfactory incidents the composition was 42.9% in Group 1, 15.6% in Group 2, and 41.5% in Group 3 (Bitner et al., 1990,

p.75).

The three groups can be summarized by the existence of individuals' expectation of an employee response. Group 1 and Group 2 have the common characteristic that individuals in both groups have an expectation of employee response. Zeithaml et al. (1993) suggested that the determinants of expectations in the context of service, service problems, and personal needs were included among the determinants (p.5, p.7)⁽³⁸⁾. Service problems correspond to "service delivery system failure," and personal needs correspond to "customer needs and requests." In contrast, Group 3 shows the characteristic that individuals do not have an expectation of employee response. According to Bitner et al. (1990), the placement of Group 3 is on the basis that "the employee behaviors could not be triggered by a failure in the delivery of the core service, nor could there be any evidence (explicit or inferred) of the customer having a special need or making a special request" (Bitner et al., 1990, p.76). Therefore, Group 3 contained the employee response that individuals could not have anticipated such as special attention, being treated like royalty, rudeness, and discrimination (Bitner et al., 1990, p.76).

One reason the effect of affective response on satisfaction can be distinguished from the disconfirmation effect is that individuals determine satisfaction on the basis of what they expect. For individuals with no expectations, affective aspects such as joy, interest, and surprise function as the determinants of satisfaction. For example, the results of Bitner et al. (1990) show that special attention and being treated like royalty lead to an expression of pleasant surprise as an affective response (Bitner et al., 1990, p.76).

Affective aspects play an important role in determining satisfaction⁽³⁹⁾. However, the influence of cognitive

⁽³⁸⁾ Hess et al. (2003) showed that severity of failure, which was "the magnitude of loss that customers experience due to the failure" (Hess et al., 2003, p.132), had a positive effect on customer's service recovery expectations (pp.137-138).

⁽³⁹⁾ The effect of affective aspects changes with time. Homburg et al. (2006) examined the change in the effect of affective aspects and cognitive aspects on satisfaction over time. As an intended product, the authors used "a newly created CD-ROM tutorial, which could be used and purchased to provide academic assistance in a difficult pricing class" (Homburg et al., 2006, p.23). The results of regression analysis showed that there was a

aspects and affective aspects are distorted by consumer's psychological aspects. The next section discusses the psychological aspects.

(3) Psychological Aspects

Psychological aspects distort the influence of cognitive and affective aspects. We defined the psychological aspects as distorting the effect of cognitive aspects and affective aspects on satisfaction, and that individuals cannot recognize the distorting effect process. An episode of *Penn & Teller: Bullshit!*, which is a popular cable television show in the USA, showed the distorting effect of the psychological aspects on the cognitive aspects. The setting was an expensive restaurant. An actor who distinguished himself as a water steward presented a leather-bound menu of bottled water for customers with names such as *Mount Fuji* and *L'eau du Robinet*. The steward explained the water choices and made recommendations. After customers ordered and drank the recommended water, the water steward inquired how the water compared with the tap water. The results showed that customers responded that the recommended water was preferred to tap water. In reality, all of the recommended waters were actually tap water. Moreover, *L'eau du Robinet* translates to tap water in English.

positive interaction between cognitive aspects and time and a negative interaction between affective aspects and time. Therefore, the effects of cognitive aspects on satisfaction increase over time, and the effects of affective aspects decrease over time (Homburg et al., 2006, p.25, p.27).

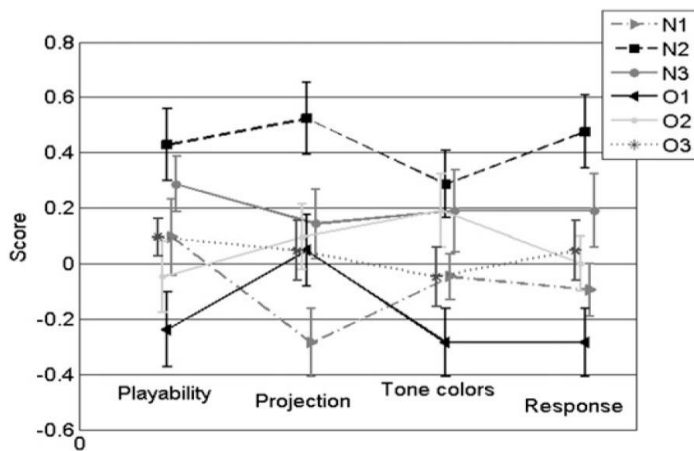
Ishibuchi (2007) also verified that the duration of affect influenced satisfaction for eight items, outerwear/stylish garments, everyday clothes/casual wear, daily miscellaneous goods/household goods, cosmetics, home appliances, foods, shoes/bags, and underwear. The results showed that affect influenced satisfaction positively for all eight items. The duration of affect influenced satisfaction positively for four of the eight items, outerwear/stylish garments, everyday clothes/casual wear, cosmetics, and shoes/bags, which were relatively high involvement items and had a weak strong characteristic as a shopping good. In contrast, the effect of the duration of affect on satisfaction was not confirmed in the remaining items, daily miscellaneous goods/household goods, home appliances, food, and underwear, which were relatively low involvement items and had a weak strong characteristic as convenience goods (Ishibuchi 2007, pp.72-73).

These studies are related to cumulative satisfaction, not initial satisfaction; therefore, we excluded these studies from the main body.

Customers could sense slight discomfort in the taste of the recommended water. However, a sophisticated name such as *L'eau du Robinet* or the explanation by the water steward distorts the sense of discomfort⁽⁴⁰⁾. This type of trend is confirmed experimentally by researchers.

For example, Fritz et al. (2012) verified whether violinists could tell three new violins from old violins by Guarneri del Gesu (ca. 1740) and Antonio Stradivari (ca. 1700 and ca.1715) under double-blind conditions. Violinists were asked to make the best/worst selections for new and old violins in four categories, playability, projection, tone color, and response, and the answers were coded as follows: violins were given a score of +1 for “best” in a category, -1 for “worst,” and 0 for neither “best” nor “worst.” Figure 3-3 shows the results.

Figure 3-3: Violinists Preferences among New and Old Violins



(Source) Fritz et al. (2012), p.762.

Notes: N1 = New violin 1, N2 = New violin 2, N3 = New violin 3

O1 = Violin by Antonio Stradivari (ca. 1700), O2 = Violin by Guarneri del Gesu (ca. 1740)

O3 = Violin by Antonio Stradivari (ca.1715)

The analytical results in Figure 3-3 show that violinists evaluated new violins more favorably than old violins with respect to playability and response; tone colors and projection did not show significant differences between

⁽⁴⁰⁾ Iyengar (2010), pp.151-152. The bottled water episode is available on YouTube.

new and old violins. Additionally, violinists were asked whether their best-selected violin was new or old; only three of the 17 subjects could not guess correctly [seven said they had no idea and seven guessed wrongly (i.e., that a new violin was old or vice-versa)] (Fritz et al. 2012, pp.760-762). We believe that the violins by Stradivari and Guarneri del Desu are superior to other violins because the violins are famous and expensive. However, we cannot recognize distortion in our evaluation by the information that the violin by Stradivari and Guarneri del Desu are famous and expensive. Fritz et al. (2012) indicated that the trend, which the effect of cognitive aspects on satisfaction is distorted by psychological aspects of satisfaction, is evident even in professionals. The same trend is confirmed even in the marketing field.

For example, Cristopher et al. (1987) conducted an experiment comparing the taste of Diet Coca-Cola and Diet Pepsi. They asked subjects to select their favorite among Diet Coke and Diet Pepsi under blind conditions (subjects cannot tell whether they are drinking Diet Coke or Diet Pepsi) or unblind conditions (subjects can tell whether they are drinking Diet Coke or Diet Pepsi). The results showed that, under blind conditions, Diet Pepsi was selected more than Diet Coke. A total of 44% of the respondents chose Diet Coke, and 51% of the respondents chose Diet Pepsi as their preference. In contrast, under unblind conditions, Diet Coke was selected more than Diet Pepsi. A total of 65% of the respondents selected Diet Coke, and 23% of the respondents selected Diet Pepsi (Christopher et al. 1987, p.13)⁽⁴¹⁾. Coke is well known and popular worldwide⁽⁴²⁾; therefore high brand awareness and affinity distorted the evaluation of Diet Coke but subjects could not recognize the distortion in their evaluation.

The effect of cognitive aspects on satisfaction is distorted by the psychological aspects of satisfaction. Moreover,

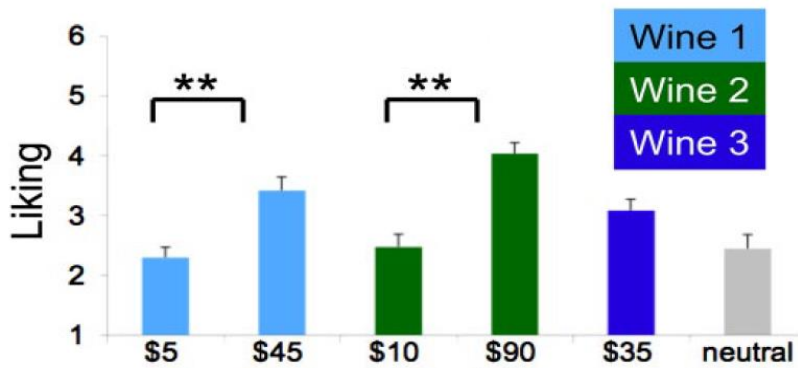
⁽⁴¹⁾ The remaining subjects found no difference between the taste of Diet Coke and Diet Pepsi (Christopher et al. 1987, p.13).

⁽⁴²⁾ Coca-Cola ranked third in Interbrand's best global brands rankings from 2013 to 2014 but ranked top from 2000 to 2012. Pepsi ranked around 40th from 2000 to 2002 and around 20th from 2003 to 2014 [See Interbrand official website, <http://bestglobalbrands.com/> (November 30, 2014)].

Smyth et al. (1972) indicated that the effect of both cognitive and affective aspects were distorted by psychological aspects. Subjects for the study were assigned to two conditions, the first condition listened to a humorous verbal recording with dubbed laughter, and the second condition listened to the same humorous verbal recording without the dubbed laughter. The occurrence and duration of the subject's laughter were recorded during the playing of the humorous tape. After listening to the humorous recording, the subjects were asked for their evaluation. The subjects in the "with group laughter" condition rated the humorous recording higher than the subjects in the "without group laughter" condition. The occurrence and duration of the subject's laughter in the "with group laughter" category were greater than the subjects in the "without group laughter" category (Smyth 1972, pp.133-134). Moreover, Nosanchuk et al. (1974) found that this trend, which Smyth et al. (1972) clarified, was strengthened if the product quality was low (Nosanchuk et al. 1974, pp.155-156). Subjects could not recognize consciously, however, that the effect of pleasure was activated by dubbed laughter.

In recent years, Plassmann et al. (2008) verified that the effect of cognitive aspects and affective aspects were distorted by psychological aspects using fMRI (functional magnetic resonance imaging). Subjects were asked to taste five different Cabernet Sauvignons, which consisted of \$5 wine, \$10 wine, \$35 wine, \$45 wine, and \$90 wine and to rate their preference for each wine. Although the subjects were not informed, the five different wines consisted of only three wines; wine 1, which was used for the \$5 wine and \$45 wine, wine 2, which was used for the \$10 wine and \$90 wine, and wine 3, which was used for the \$35 wine. Figure 3-4 shows the mean reported preference rating for each wine (Plassmann et al. 2008, p.1050).

Figure 3-4: Mean Preference Rating for Five Different Wines

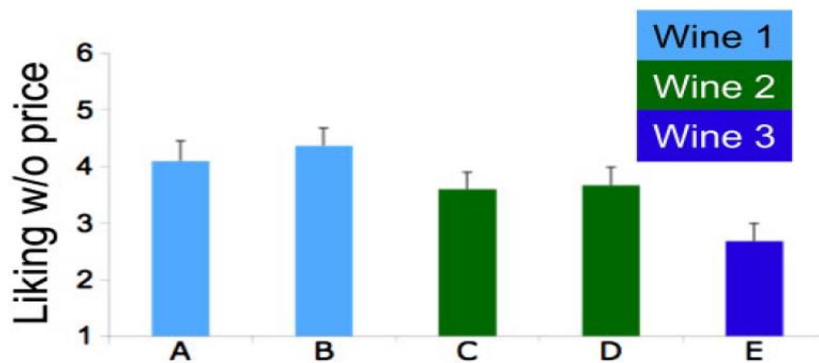


(Source) Extracted from Plassmann et al. (2008), p.1051, Figure 1.

Notes: ** $p < .001$, n.s. = not significant.

Figure 3-4 shows that \$45 wine was rated significantly higher than \$5 wine although both were the same wine (wine 1), and \$90 wine was rated significantly higher than \$10 wine although both were the same wine (wine 2). Additionally, eight weeks after the main experiment, subjects were asked to rate the five different wines, which were used in the main experiment, without price information. The results showed that there was no significant difference between the five different wines (Figure 3-5).

Figure 3-5: Mean Preference Rating for Five Different Wines after Eight Weeks



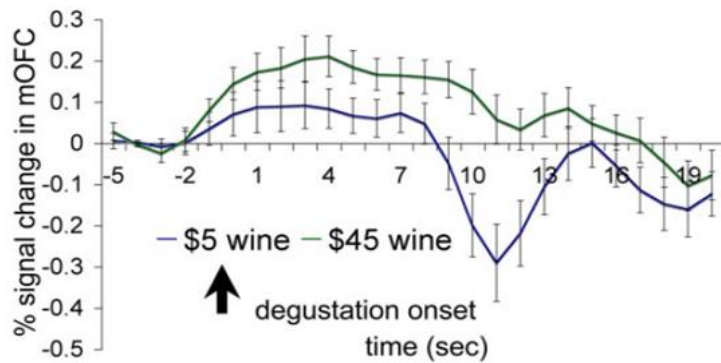
(Source) Extracted from Figure 1 in Plassmann et al. (2008), p.1051.

Notes: ** $p < .001$, n.s. = not significant.

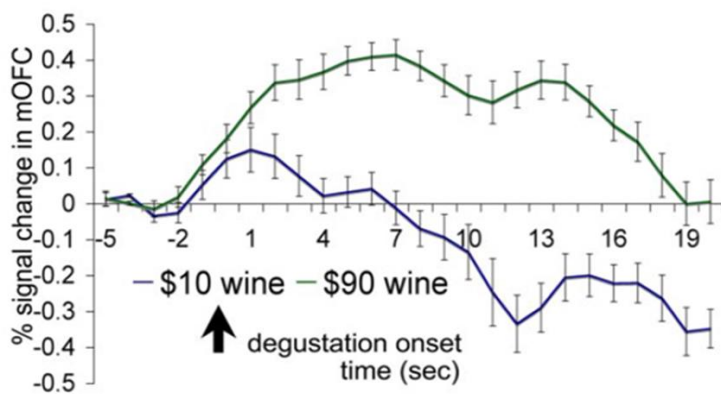
Plassmann et al. (2008) found using fMRI that the reported price of wines led to higher activity in the medial orbitofrontal cortex (mOFC), which is correlated with pleasure (Kringelbach et al. 2003). Figure 3-6 shows the change in activation in mOFC portion time between tasting and swallowing. Figure 3-6 shows that although the same wine, subjects who thought they tasted high priced wine felt more pleasure than subjects who thought they tasted low priced wine.

Figure 3-6: Change in Activation of the Medial Orbitofrontal Cortex

(a) \$5 wine versus \$45 wine



(b) \$10 wine versus \$90 wine



(Source) Extracted from Plassmann et al. (2008), p.1051, Figure 2.

Plassmann et al. (2008) indicated using fMRI that the effects of cognitive and affective aspects were

strengthened unconsciously by psychological aspects (the subjects did not recognize being influenced by price information).

We believe that satisfaction consists of cognitive aspects, affective aspects, and psychological aspects. Figure 3-7 shows the relationship between cognitive aspects, affective aspects, psychological aspects, and satisfaction.

Figure 3-7: The Mechanism of Satisfaction

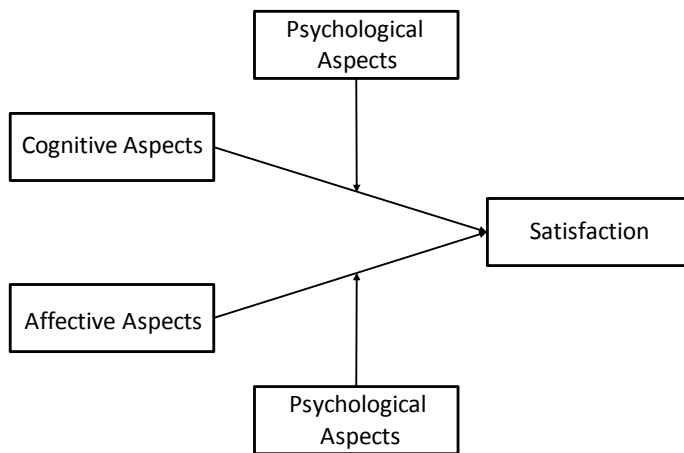


Figure 3-7 shows that satisfaction is affected by cognitive and affective aspects, and that effect is distorted by psychological aspects. The following section discusses useful means to increase initial satisfaction based on the mechanism of satisfaction shown in Figure 3-7.

2. How to Increase Initial Satisfaction

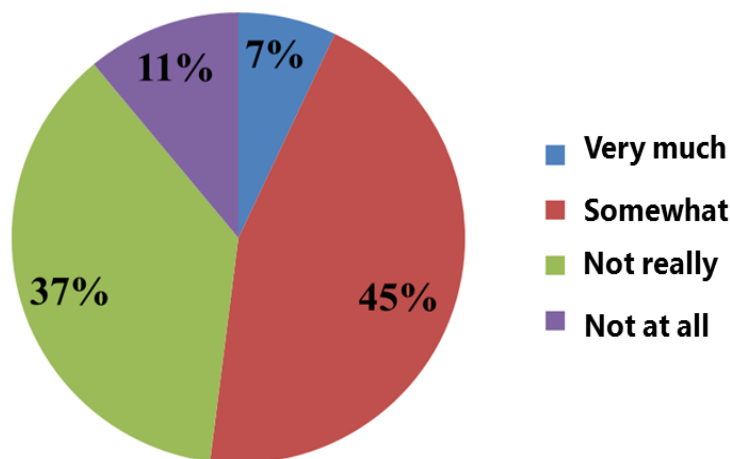
(1) Increase Product/Service Quality

Chapter 2 discussed the need to increase initial satisfaction before individuals purchase and consume products and services. Increasing product quality is one means of increasing individuals' initial satisfaction before purchase and consumption. Improving product quality in advance creates the situation where individuals perceive a "better

than expected experience” (cognitive aspects in Figure 3-7) and a “pleasant surprise experience” (affective aspects in Figure 3-7). However, product quality does not necessarily guarantee satisfaction.

We surveyed people in marketing and R&D (n = 129) on September 23, 2012, concerning the relationship between improving product quality and satisfaction. The survey asked subjects “how much have you had an experience in which improved quality did not raise consumers’ satisfaction rating?” The participants responded using the following scale: very much, somewhat, not really, and not at all. Figure 3-8 shows the results.

Figure 3-8: Does Increasing Product Quality Guarantee Satisfaction?



Notes: This survey was conducted using internet research (research firm: Mixi Research, Inc).

Figure 3-8 shows that 7% of the respondents answered that they have had an experience “very much” in which improved quality did not raise individuals’ level of satisfaction. Of these, 45% reported that they have had the experience “somewhat,” and 37% reported “not really.” The remaining 11% reported “not at all.” A total of 52% (very much + somewhat) of the respondents indicated that they have had an experience in which improved quality did not raise consumers’ satisfaction rating.

Considering these results, how do we improve satisfaction before individuals purchase and consume other than

through product quality improvements? We believe that advertising is one of the means to improve satisfaction before purchase. Advertising has a close relationship with cognitive aspects because expectation before purchase is formed and updated by advertising. Kopalle et al. (1995) verified the relationship between advertising and individuals' expectations empirically.

The authors implemented their study using a computer-controlled experiment and employed the mileage of car tires as the focal product of expectation by subjects. The scenario was provided to subjects on a computer screen; the subjects faced a situation where they suffered a flat tire on a car trip and experienced advertising concerning the focal tire (Kopalle et al. 1995, p.288).

The results showed that if the discrepancy between advertising claims and expectation is zero, the average percentage change in expectation was -4% and, if the advertising claim discrepancy was -20%, the average percentage change in expectations was -21.4%. Additionally, if the advertising claim discrepancy was 20%, the average percentage change in expectations was 11.4% (Kopalle et al. 1995, p.283).

Moreover, to enhance the generality of their research, Kopalle et al. (1995) verified the relationship between advertising and expectation using the product "car batteries." The experiment procedure was the same as the car tires procedure. The results showed that if the discrepancy between the advertising claim and expectation was zero, the average percentage change in expectations was -9.8%. If the advertising claim discrepancy was -25%, the average percentage change in expectations was -28.5%, and if the advertising claim discrepancy was 25%, the average percentage change in expectations was 1.5% (Kopalle et al. 1995, p.286).

Kopalle et al. (1995) demonstrated that advertising has a close relationship with expectations before purchase. Therefore, the ability to control individuals' expectations through advertising implies that satisfaction can also be controlled. The method for increasing satisfaction by controlling expectation through advertising is called "expectation management." Next, we discuss expectation management.

(2) Expectation Management

Specifically, expectation management is a method of restraining disappointment and increasing satisfaction by controlling individuals' expectations through marketing communication. For example, when the Japanese give a gift to a person, they generally say "here is a little something for you (in Japanese, tsumaranai mono desuga)." This phrase is a typical example of expectation management. Individuals practice expectation management unconsciously in daily life. The following are typical examples of expectation management in business (Suwa et al. 2009, p.138):

- You tell your new customer in advance "A variety of problems may occur at first."
- You tell your customer "I called Maiko who you would like. But you might not like it." Then, a moderate Maiko appears in front of your customer, so that your customer is happy.
- You tell your customer humbly "I hope you'll enjoy it" before you serve an amazing food.

The studies led by Kamins are representative of empirical expectation management research (Kamins et al. 1987a; Kamins et al. 1987b; Kamins et al. 1987c; Assael et al. 1989). The studies verified the suppressing effect of disappointment of two different advertising expressions, a one-sided appeal and a two-sided appeal. A one-sided appeal is an advertising expression that contains only supporting arguments (Stiff et al. 2003, p.140). In contrast, a two-sided appeal contains supporting arguments and opposing viewpoints (Stiff et al. 2003, p.140), and the two-sided appeal can be divided into two appeals, a two-sided nonrefutational appeal and a two-sided refutational appeal. "If no attempt is made to refute the negative product or brand claims within the text of the advertisement, the advertising approach is termed "two-sided nonrefutational." If such an attempt is made, the advertisement is classified as "two-sided refutational"" (Kamins et al. 1987c, pp.29-30).

First, we review Kamins et al. (1987a). Kamins et al. (1987a) examined the differences in the suppressing effect of a two-sided refutational appeal and a one-sided appeal. The focal product in the study was a ballpoint pen, the Pensive, which was created and selected based upon a pretest measuring likeability, creativity, and distinctiveness. The ballpoint pens were sold for 49¢ to 69¢ in retail shops (Kamins et al. 1987a, p.242). The results confirmed that a two-sided refutational appeal had the effect of moderating negative disconfirmation. In contrast, a one-sided appeal incurred disappointment (negative disconfirmation); therefore, the subjects who saw the two-sided refutational appeal rated the ballpoint pens higher than the subjects who saw the one-sided appeal. The results also confirmed the trend that the higher the expectation, the lower the rating for the focal product, and a two-sided refutational appeal moderated the trend. Moreover, increasing the two-sided refutational appeal exposure strengthened the moderating effect on the trend that the higher the expectation, the lower the rating for the focal product, but the one-sided appeal had no moderating effect (Kamins et al, 1987a, pp.246-250).

However, Kamins et al. (1987b) found a moderating effect on the trend that the higher the expectation, the lower the product rating for products even in the case of a one-sided appeal. Kamins et al. (1987b) verified the differences in the suppressing effect of disappointment by the degree of exaggeration of the two-sided refutational appeal and the one-sided appeal. The focal product was the ballpoint pen used by Kamins et al. (1987a). The results confirmed that a two-sided refutational appeal had the effect of moderating the discrepancies between the exaggerated advertising context and the actual product performance. The results for Kamins et al. (1987a) are the same. Moreover, the results showed that slightly exaggerated advertising moderated the discrepancies between the advertising context and the actual product performance compared with exaggerated advertising regardless of a two-sided refutational or one-sided appeal (Kamins et al, 1987b, pp.11-12). Therefore, Kamins et al. (1987b) indicated that a one-sided appeal also had a moderating effect on individuals' disappointment.

Kamins et al. (1987a) and Kamins et al. (1987b) show that a two-sided refutational appeal has a suppressing

effect on disappointment. However, a two-sided appeal represents a refutational and nonrefutational appeal. Kamins et al. (1987c) verified the difference in the suppressing effect of a two-sided refutational appeal and a nonrefutational appeal. The focal product was the ballpoint pen employed by Kamins et al. (1987a) and Kamins et al. (1987b). The results showed that the subjects who saw a one-sided appeal experienced disappointment, and disappointment was restrained if the subjects saw a two-sided refutational appeal and a nonrefutational appeal. However, the difference in the suppressing effect of a two-sided refutational appeal and a nonrefutational appeal was not confirmed (Kamins et al. 1987c, pp.36-37).

To summarize, Kamins et al. (1987a; 1987b; 1987c) indicate the following:

- Two-sided refutational appeals and nonrefutational appeals have a suppressing effect on disappointment.
- The suppressing effect of disappointment is the same, regardless of whether a two-sided refutational appeal or a nonrefutational appeal is employed.
- The slight advertising expression is more effective in restraining disappointment than the exaggerated advertising expression, regardless of whether a two-sided appeal or one-sided appeal is employed.

Assael et al. (1989) added the involvement construct to the aforementioned results and verified the difference in the suppressing effect of disappointment between the advertising types (a two-sided refutational appeal versus a one-sided appeal) and the degree of involvement (high involvement versus low involvement) using the ball-point pen employed by Kamins et al. (1987a; 1987b; 1987c). Involvement is defined as “consumers’ perceptions of importance or personal relevance for an object, event, or activity”(Peter et al. 2010, p.84). There are many different types of involvement⁽⁴³⁾. Assael et al. (1989) focused on response involvement, which was defined as

⁽⁴³⁾ For instance, ego-involvement, product involvement, advertising involvement, purchase involvement, issue

“the complexity or extensiveness of cognitive and behavioral processes characterizing the overall consumer decision process (Houston et al.1978, p.185)⁽⁴⁴⁾. Response involvement exists in the pre-research, information search, acquisition, decision, and post-decision stage of the decision process. At each decision process stage, Assael et al. (1989) focused on response involvement in the information search, acquisition, and decision stages. The subjects in high involvement were manipulated as follows: “Subjects were asked to pay strict attention to the advertisement for the pen under the assumption that they were to eventually evaluate the advertisement as well as the product itself. In addition, high involvement subjects were given a decision choice in that they were told that they would eventually be allowed to either keep the advertised pen or sum of money during the experiment. Subjects were told that they would have to make their choice prior to trial, and were to rely on the advertisement as their only source of information about the pen when making this choice” (Assael et al. 1989, p.201). In a low involvement condition, subjects were not asked to do the task described above.

The analytical result showed that the higher the expectation, the greater the degree of negative disconfirmation, and the degree of negative disconfirmation was highest if subjects were in a high expectation and high involvement condition (Assael et al. 1989, p.203). Moreover, the degree of negative disconfirmation was higher if expectation was raised by advertising using a two-sided refutational appeal and subjects were in a high involvement condition compared to expectation raised by advertising using a one-sided appeal and subjects in a high involvement condition (Assael et al. 1989, p.204). Assael et al. (1989) showed that the suppressing effect of

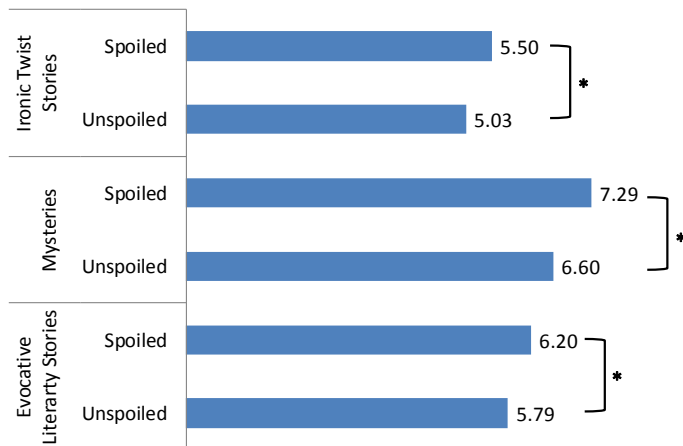
involvement, cognitive involvement, and affective involvement (Hori 1991, pp.5-12). See Hori (1991) for more details.

⁽⁴⁴⁾ Houston et al. (1978) suggested two involvement constructs, situational involvement and enduring involvement. Situational involvement is defined as “the ability of a situation to elicit from individuals concern for their behavior in that situation. A situation is high in involvement when most or all people who interact with the situation develop a high level of concern for their subsequent behavior in the situation” (Houston et al. 1978, p.184). Enduring involvement is defined as “the strength of the pre-existing relationship between an individual and the situation in which behavior will occur” (Houston et al. 1978, p.184).

disappointment of a two-sided refutational appeal was most effective in a high involvement condition.

Recently, the study of expectation management was conducted by Leavitt et al. (2011). The authors verified the suppressing effect of spoilers. Spoilers can be seen as a two-sided appeal because individuals were informed of the positive and negative aspects of products by spoilers. Subjects were divided into three groups: the first group read ironic-twist stories, the second group read mysteries, and the third group read evocative literary stories. Additionally, each group was divided into two conditions, a spoiled condition and an unspoiled condition. After reading the short story, subjects rated the short story on a 10-point scale (ranging from one, the lowest rating, to 10, the best rating). The stories employed in their study were short stories of 1381 words to 4220 words by Agatha Christie, Anton Chekhov, John Updike, Raymond Carver, and Roald Dahl. Subjects who had already read the given short story in the past were excluded from the analyses. Figures 3-9 and 3-10 show the results.

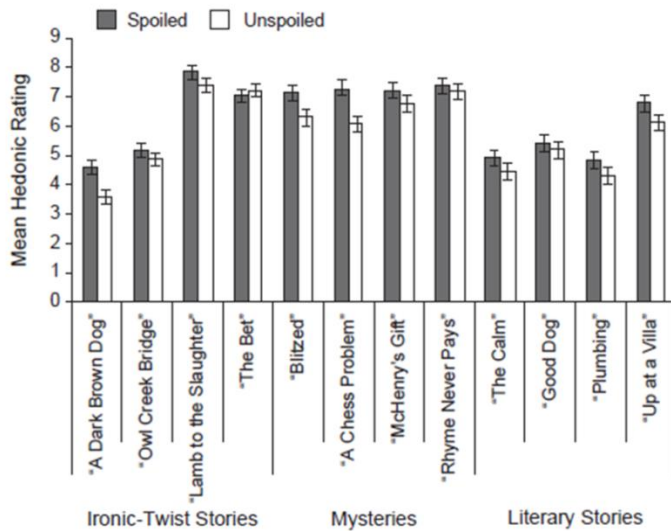
Figure 3-9: Average Rating Difference among Three Short Story Categories



(Source) made by author based on Leavitt et al. (2011).

Notes: **p<.01, *p < .05.

Figure 3-10: Average Rating Difference of the Individual Spoiled and Unspoiled Stories



(Source) Leavitt et al. (2011).

Notes: Error bars represent standard errors.

Figure 3-9 shows the difference in average rating among the three short story categories. Figure 3-9 shows that subjects in the spoiled condition rated the given short story higher than the subjects in the unspoiled condition (6.20 vs. 5.79 for the ironic twist stories, 7.29 versus 6.60 for the mysteries, and 5.50 versus 5.03 for the evocative literary stories). Figure 3-10 shows the difference in average rating for the individual spoiled and unspoiled stories. Figure 3-10 shows that the average rating of the individual stories in the spoiled condition was higher than the rating in the unspoiled condition (except for The Bet). Why did subjects in the spoiled condition rate higher than subjects in the unspoiled condition? The explanation is that reader expectations before reading the short story were manipulated by the spoiler so that disappointment was suppressed in the spoiled condition.

Therefore, expectation management through advertising is a practical way to increase initial satisfaction, which is satisfaction before individuals purchase and consume products or services for the first time. However, in practice, most advertising does not employ a two-sided appeal. Most companies apply a one-sided appeal to their advertising (Sugitani et al. 2012, p.132) because the purpose of advertising is to increase individuals' expectations

and prompt individuals to purchase a product⁽⁴⁵⁾. The previous research showed that a two-sided appeal moderates negative disconfirmation and a one-sided appeal is highly likely to cause negative disconfirmation, which implies that a one-sided appeal can increase expectations and prompt individuals to purchase a product to a greater extent than a two-sided appeal. Hence, ideal expectation management will ensure that disappointment (negative disconfirmation) is suppressed in a state of high expectation employing one-sided appeal advertising. But how can it be achieved? The previous research on expectation management focused on cognitive aspects, not psychological aspects, which distorted the effect of cognitive and affective aspects on satisfaction.

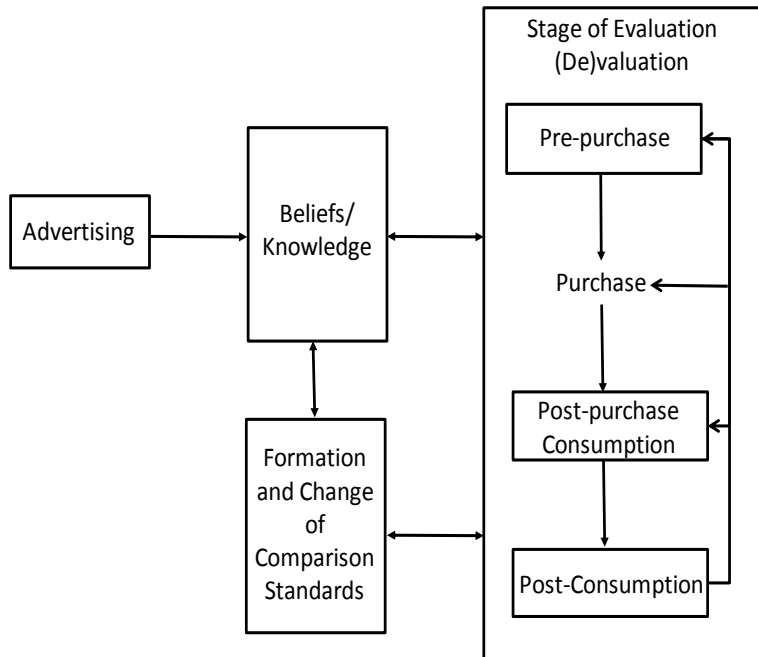
The next section discusses expectation management considering the psychological aspects.

3. Psychological Expectation Management

The role of advertising is to raise individuals' expectations and prompt individuals to purchase a product, and advertising influences satisfaction because it forms expectations. Wright, et al. (1994) presented the advertisement effect model, which is extended from pre-purchase to post-purchase behavior. The model is called the extended model of advertising communications (EMAC). Figure 3-11 shows the model.

⁽⁴⁵⁾ Tanaka (2007) suggested "transmission" and "persuasion" as significant factors of advertising. Transmission refers to "the accurate communication of message contexts trying to convey for targeted consumers" (Tanaka 2007, p.47). Persuasion refers "to differentiation by communicating the superiority of brand and to make targeted consumers selected the brand when purchasing" (Tanaka 2007, p.47).

Figure 3-11: Extended Model of Advertising Communications (EMAC)



(Source) Wright et al. (1994), p.31.

Notes: Comparison standards represent consumers' expectations.

The EMAC model does not assume that advertising directly builds individuals' expectations, similar to the previous research on expectation management. The model, however, assumes that belief/knowledge is constructed by advertising, and expectations are formed by belief/knowledge. Additionally, belief/knowledge influences the product evaluation process (pre-purchase → purchase → post-purchase consumption → post-consumption), which is satisfaction process. The EMAC model explains the distortion effect of the psychological aspects of cognitive and affective aspects on satisfaction.

First, we discuss the results of Fritz et al. (2012) based on the EMAC model. Fritz et al. (2012) showed that violinists were not able to distinguish new violins from old violins, Stradivari and Guarneri. In the experiment, violinists in a blind condition rated new violins higher than Stradivari and Guarneri although Stradivari and Guarneri were typically rated higher than new violins. Considering the EMAC model, the belief/knowledge that

Stradivari and Guarneri are old, famous, and expensive violins positively influence the violins' evaluations; therefore, violinists rated Stradivari and Guarneri highly. Moreover, belief/knowledge should form high expectations for the old violins, but violinists do not typically feel disappointed with them because the effect of the cognitive aspects on satisfaction is distorted by the belief/knowledge⁽⁴⁶⁾.

Next, we discuss the results of Plassmann et al. (2008) based on the EMAC model. Plassmann et al. (2008) showed that individuals rated expensive wine higher than low priced wine even when both wines were the same. Moreover, the authors confirmed using fMRI that expensive wine induced pleasure to a greater extent than low priced wine. Based on EMAC model, the belief/knowledge that wine is expensive positively influences the wine's evaluation and subject's affect (pleasure), so that the expensive wine's satisfaction was rated highly without disappointment despite the high expectations formed by the belief/knowledge. The belief/knowledge that wine is expensive distorted the effect of the cognitive and affective aspects on satisfaction, so that the wine's satisfaction was rated highly.

The EMAC model teaches that psychological aspects are the belief/knowledge created by the product-related information, and that managing the belief/knowledge (psychological aspects) leads to controlling not only the effect of cognitive aspects but also affective aspects on satisfaction. In the case of initial satisfaction, which occurs when an individual uses a product or service for the first time, the information provided by companies (e.g., advertising) is the only source of belief/knowledge. The belief/knowledge created by the product-related information can also create high expectations. Therefore, if the belief/knowledge was created by a one-sided appeal which could positively distort the effect of cognitive and affective aspects, we believe that disappointment

⁽⁴⁶⁾ The affective aspects also could be distorted by the belief/knowledge which Stradivari and Guarneri are old, famous and expensive. However, Fritz et al. (2012) did not treat the effect of affective aspects on satisfaction as their research targets, so that we wrote that "the effect of cognitive aspects on satisfaction is distorted by the belief/knowledge."

could be suppressed even in a state of high expectation. We call this type of expectation management “psychological expectation management.” For example, if person A views celebrity endorsement advertising and person B views noncelebrity endorsement advertising in the same endorsement context, both persons would assume relatively high expectations. However, the belief/knowledge of the persons is not the same because both persons are provided the same information (endorsement context) by the different endorsers, celebrity and noncelebrity. Psychological expectation management assumes that the differences in belief/knowledge suppresses disappointment (disappointment is suppressed in the person who is exposed to celebrity endorsement advertising or noncelebrity endorsement advertising). Table 3-1 shows the differences between conventional expectation management and psychological expectation management.

Table 3-1: Expectation Management Versus Psychological Expectation Management

	Focusing Aspect	Employed Advertising Type	Expectation Level	Outline of Each Expectation Management
Expectation Management	Cognitive aspect	Two-sided appeal	Adequate	Expectation management suppresses disappointment by manipulating expectation using two-sided appeal.
Psychological Expectation Management	Psychological aspect	One-sided appeal	High	Psychological expectation management creates belief/knowledge using a one-sided appeal to suppress disappointment.

We suggest that psychological expectation management is a useful method for increasing initial satisfaction.

4. Summary and Conclusion

This chapter discussed a method for increasing initial satisfaction. We concluded that expectation management (the method for increasing satisfaction by manipulating expectation adequately using a two-sided appeal) using

a one-sided appeal can suppress disappointment in a state of high expectation and is a practical way to increase initial satisfaction. We call this type of expectation management “psychological expectation management.” Specifically, psychological expectation management constructs belief/knowledge in persons using one-sided appeals to suppress disappointment.

This chapter first discussed the mechanism of satisfaction. We concluded that satisfaction consisted of three aspects: cognitive, affective, and psychological aspects. Cognitive aspects refer to the evaluation by comparison of expectation with the perceived quality of the actual product, as described in expectancy-disconfirmation theory. The effect of cognitive aspects on satisfaction implies the effect of positive (or negative disconfirmation) disconfirmation on satisfaction. Affective aspects refer to affects other than satisfaction (e.g., interest, joy, surprise, anger and disgust). The effect of affective aspects on satisfaction implies the effect of positive affect (or negative affect) on satisfaction. Psychological aspects are defined as unconscious distortion on the effect of cognitive and affective aspects.

Next, we discussed a method to increase initial satisfaction based on the mechanism discussed above. First, improving product quality, which focuses on cognitive and affective aspects, was discussed as a method. However, our results showed that improving product quality does not necessarily guarantee satisfaction. Second, expectation management, which focuses on cognitive aspect, was discussed as a method for increasing initial satisfaction other than improving product quality. However, this is not a realistic method for marketing communication because expectation management attempts to suppress disappointment by manipulating expectations adequately using two-sided appeal communication. This purpose is counter to the goal of marketing communication, which is to increase individuals’ expectations and purchase intention. Thus, finally, we discussed expectation management considering psychological aspect based on the EMAC by Wright et al. (1994). We indicated that we are able to suppress and increase satisfaction even if one-sided appeal communication (which

significantly increases expectations but easily generates disappointment) if we construct belief/knowledge through marketing communication (e.g., advertising) so that disappointment is suppressed.

However, what type of belief/knowledge should we construct to suppress disappointment? The next chapter addresses this question. Specifically, we examine what type of one-sided appeal advertising communications suppress disappointment and increase initial satisfaction.

Chapter 4

Generation of Initial Satisfaction by Denial of Others

This chapter empirically examines what type of one-sided appeal advertising communications suppress disappointment and increase initial satisfaction based on assimilation effect and cognitive dissonance theory. In other words, we examine empirically psychological expectation management discussed in Chapter 3.

The structure of this chapter is as follows: The first section defines assimilation effect, and the second section discusses the relationship between assimilation effect and cognitive dissonance theory to indicate that dissonance triggers assimilation effect. The third section discusses the factors that can be controlled and applied to marketing communication under which dissonance occurs. We formulate hypotheses in the fourth section. This chapter's fifth section explains our methods, and we present results in the sixth section. Finally, we discuss the study's implications for current practice and future research⁽⁴⁷⁾.

1. Assimilation Effect

The assimilation effect represents the psychological phenomenon whereby satisfaction levels approximate (assimilate) expectation levels (Anderson 1973, p.39). The assimilation effect can be confirmed or disconfirmed by empirical evidence from research studies.

For example, Oliver (1980) verified assimilation effect for a federal influenza vaccination program and selected students from a major state university and residents as subjects. The assimilation effect was analyzed using pass analysis. If expectation had a significant positive effect on satisfaction, the assimilation effect was considered

⁽⁴⁷⁾ This chapter is based on Ota (2012, 2014).

occurring. If expectation had no significant positive effect on satisfaction, the assimilation effect was considered not occurring. The results showed that expectation had a significant positive impact on satisfaction in the case of students. In contrast, the assimilation effect was not confirmed in the case of residents. Expectation did not have a significant positive impact on satisfaction in the case of residents (Oliver, 1980, pp.464-465). However, Oliver, et al. (1981) confirmed assimilation effect using resident subjects (the authors employed sleeping apparel as the intended product in their study) (pp.89-91).

Westbrook (1987) also verified assimilation effect for automobiles and CATV using regression analysis and confirmed that there was a difference in the assimilation effect between automobiles and CATV. Specifically, the author's analytical results showed that expectation had a significant positive effect on satisfaction in the case of automobiles. In contrast, there was no significant effect on satisfaction in the case of CATV (Westbrook 1987, pp.265-266). From Westbrook's (1987) results, we estimate that assimilation effect occurs in the case of products, not services. However, some previous research denies the results of the estimation.

For example, Churchill et al. (1982) verified assimilation effect for plants and video disc players using pass analysis. The results showed that expectation had a significant negative effect on satisfaction in the case of plants; disappointment was caused without generating assimilation effect. In the case of the video disc player, expectation had no significant effect on satisfaction (Churchill et al, 1982, p.498, p.501).

Yi (1993) also confirmed that the assimilation effect is not generated for products. In the authors' study, laundry detergents and cereals were employed as the intended products, and pass analysis was used as the analytical method. The results showed that expectation had a significant positive effect on satisfaction in the case of laundry detergents. However, in the cereal case, expectation had no significant effect on satisfaction. Yi (1993) interpreted that this result was caused by product ambiguity. Assimilation effect is generated if products are ambiguous (difficult to evaluate), such as laundry detergents, and is not generated if products are unambiguous (easy to

evaluate), such as cereals. However, the interpretation is premature. Although the author's other ambiguous products (not used in the authors' main experiment) included insurance, aspirin, cameras, microwave ovens, and computers, Oliver (1980) partly did not confirm assimilation effect for an influenza vaccination, which is a medicine similar to aspirin, and Churchill et al. (1982) did not confirm assimilation effect for video disc players, which are electrical appliances similar to cameras, microwave ovens, and computers. Therefore, we believe that product ambiguity was not the cause of assimilation effect. Products do not necessarily guarantee assimilation effect. The same trend can be confirmed for services.

For example, Swan et al. (1981) confirmed using regression analysis that expectation had a significant positive effect on satisfaction in the case of restaurants. Bearden et al. (1983) also confirmed that expectation influences positively satisfaction using pass analysis for automobile repair services in the service industry. However, Ono (2010b) found that the occurrence of the assimilation effect varies by service sector. The author verified assimilation effect using JCSI data. The results showed that expectation had a significant weak effect on satisfaction in some service sectors. Although Westbrook (1987) indicated that assimilation effect did not occur in the service industry, some previous research showed the opposite to be the case.

Assimilation effect can be confirmed or not confirmed by empirical evidence from previous research, and the cause of assimilation effect is not understood (we summarize previous research on assimilation effect in Table 4-1). Consequently, common opinion holds that if we raise individuals' expectations, they will be more satisfied. However, it is natural that marketers attempt to raise individuals' expectations for their products. We cannot apply assimilation effect to business practices because prior research did not consider the conditions under which assimilation effect occurs. In the next section, we discuss the conditions under which assimilation effect occurs.

Table 4-1: Previous Research on Assimilation Effect

Researcher	Intended Products and Services	Research Content	Whether Assimilation Effect confirmed?
Oliver (1977)	Car	<p>Verification of the relationship between expectation and disconfirmation influence affect (whether the intended product is attractive or not) and purchase intention.</p> <p><Result></p> <ul style="list-style-type: none"> • Expectation and disconfirmation influence affect and purchase intent. 	Yes
Oliver (1980)	Vaccination Program	<p>Verification of the relationship between expectation, disconfirmation, satisfaction, attitude and purchase intent.</p> <p><Result></p> <p>【Immunized Group】</p> <ul style="list-style-type: none"> • Attitude and disconfirmation influence satisfaction in resident samples. • Expectation and disconfirmation influence satisfaction in student samples. <p>【Non-immunized Group】</p> <ul style="list-style-type: none"> • Disconfirmation only influence satisfaction in resident samples. Attitude and disconfirmation only influence in student samples.[non-immunized group] 	Partly confirmed
Oliver et al., (1981)	Sleeping apparel	<p>Verification of the relationship between expectation, disconfirmation, preference, satisfaction and purchase intent.</p> <p><Result></p> <ul style="list-style-type: none"> • Attribute-specific expectation and overall expectation influence attribute-specific satisfaction and overall satisfaction. • Attribute-specific disconfirmation and overall disconfirmation influence attribute-specific satisfaction and overall satisfaction. 	Yes
Swan et al., (1981)	Restaurant	<p>Verification of the relationship between expectation, disconfirmation, satisfaction and purchase intent based on Oliver (1980).</p> <p><Result></p> <ul style="list-style-type: none"> • Expectation and disconfirmation influence satisfaction in restaurant case. 	Yes

Churchill et al., (1982)	Plant Video disc player	<p>Verification of the difference in effect of expectation, perceived quality and disconfirmation to satisfaction between non-durable goods (Plant) and durable goods (Video disc player).</p> <p><Result></p> <ul style="list-style-type: none"> ▪ Expectation influence satisfaction negatively. ▪ Perceived quality and disconfirmation influence satisfaction in plant case. ▪ Perceived quality only influence satisfaction in video disc player case. 	No
Bearden et al. (1983)	Automobile Repair Service	<p>Verification of the relationship between expectation, attitude, disconfirmation, purchase intent, complaint report.</p> <p><Result></p> <ul style="list-style-type: none"> ▪ Expectation influences satisfaction, attitude, disconfirmation. ▪ Disconfirmation influences satisfaction. 	Yes
Westbrook (1987)	Car Cable Television	<p>Verification of the relationship between expectation, disconfirmation, affect (e.g., joy, interest, anger), satisfaction, complaint and word of mouth.</p> <p><Result></p> <ul style="list-style-type: none"> ▪ Expectation, disconfirmation, and affect influence satisfaction in car case. ▪ Disconfirmation and affect influence satisfaction in cable television case. ▪ The effect of expectation on satisfaction does not confirm. 	Partly confirmed
Yi (1993)	Detergent Cereal	<p>Verification of the difference in effect of expectation, disconfirmation and perceived quality to satisfaction between detergent and cereal.</p> <p><Result></p> <ul style="list-style-type: none"> ▪ Expectation, perceived quality and disconfirmation influence satisfaction in detergent. ▪ Perceived quality and disconfirmation influence satisfaction in cereal. 	Partly confirmed

Ono (2010b)	The whole service sector	<p>Verification of customer satisfaction model using JCSI data.</p> <p><Result></p> <ul style="list-style-type: none"> • Expectation does not influence satisfaction in most service sector but does satisfaction partly. 	Partly confirmed
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(Source) Edited Ota (2014), pp.3-4, Table 1 by author.

Notes: “Result “only focus on the result related to expectation.

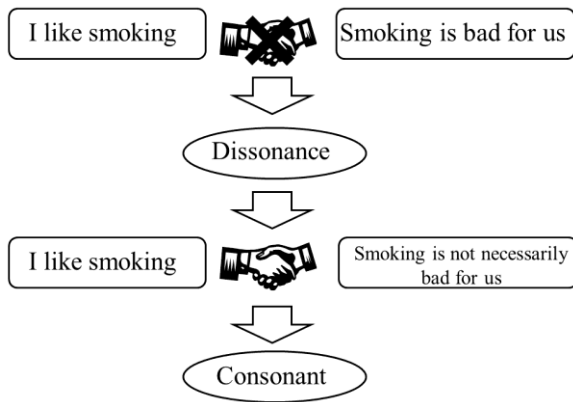
2. Conditions Generated Assimilation Effect

Assimilation effect is based on cognitive dissonance theory by Festinger (1957) (Anderson, 1973, pp.38-39). Cognitive dissonance theory explains the psychology-inducing justification that when we have dissonant or “nonfitting” relations among cognitive elements, we reduce dissonance to lead to consonant or “fitting” relations among them by changing our cognition (Festinger 1957, p. 31). The cognition involved may be “any knowledge, opinion, or belief about the environment, about oneself, or about one’s behavior” (Festinger, 1957, p.3), and the dissonance makes us feel uncomfortable (Festinger, 1957, pp. 2-3). To explain this theory simply, it is useful to examine the case of smokers.

If smokers were to face the information that “smoking is bad for us,” that cognition contradicts the cognition “I like smoking,” in which case dissonance occurs and smokers change the cognition “smoking is bad for us” to “smoking is not necessarily bad for us” to reduce dissonance. In this way, smokers justify the conduct of smoking. The cognition “I like smoking leads to dissonance ⁽⁴⁸⁾ (see Figure 4-1).

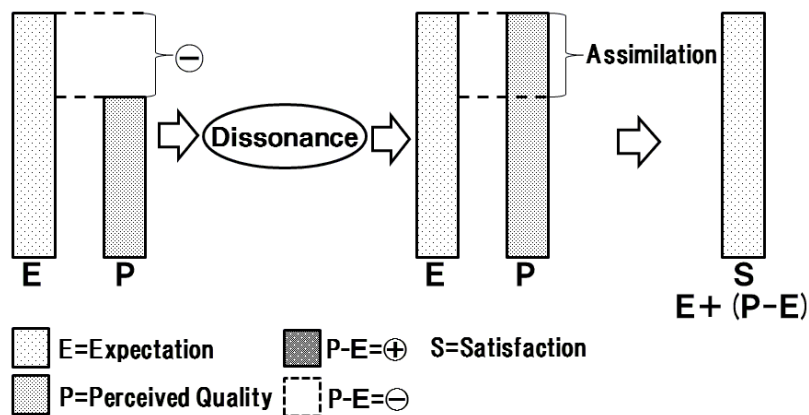
⁽⁴⁸⁾ With respect to the relationship between cognitive dissonance and smokers, see also Festinger (1957), pp. 5-6, Kinoshita (1978), and Kinoshita (1979).

Figure 4-1: Smoker's Justification Process



Given the assimilation effect based on cognitive dissonance theory, expectations and perceptions of quality correspond to cognitions in this theory. Granting that assumption, dissonance purports to occur when perceived quality is worse than expected. Then, to reduce dissonance, it is assumed that we subconsciously estimate perceived quality level to approximate our expectation level, with the result that satisfaction level comes close to expectation levels by reason that the difference between expectation and perceived quality is nearly zero (see Figure 4-2).

Figure 4-2: The Mechanism of Assimilation Effect



As discussed above, the conditions of assimilation effect is as follows:

- Perceived quality is worse than expected.
- Dissonance occurs when perceived quality is worse than expected.

Therefore, considering the conditions above, provided that expectation is formed in such a way that dissonance occurs by marketing communication, we are likely to control assimilation effect. In the next section, we discuss some factors by which dissonance takes place [henceforth “dissonance factor(s)”].

3. Dissonance Factors

A number of studies address dissonance factors. The main dissonance factors include the importance of the decision (Brehm 1956; Ehrlich et al. 1957; Festinger 1957, Kojima 1986), the degree of attractiveness of belonging to a group (Festinger et al. 1952; Lipset et al. 1954; Festinger 1957), the degree of effort (Aronson et al. 1959; Cardozo 1965), forced compliance (Festinger 1957; Festinger et al. 1959; Harmon-Jones et al. 1996; Gosling et al. 2006), and the importance of others (Heider 1946; Schachter et al. 1955; Heider 1958; Davis, et al. 2001; Koshiro et al. 2010). We discuss each dissonance factor step by step.

First, we discuss the importance of the decision. According to Festinger (1957), the greater the importance of decision, the greater the dissonance (p.37). This decision corresponds to consumer decision making before a purchase with respect to consumer purchasing behavior and, if expensive products are purchased, or if the attractiveness of substitute products is great, the importance of decision making before purchasing increases.

Ehrlich et al. (1957) is the representative research on the relationship between high price and dissonance. Assuming that the purchase of a new car involves a crucial decision making for individuals (Ehrlich et al. 1957,

p.98), the authors verified whether dissonance occurs when purchasing new cars. The results showed that individuals who purchase new cars (four to six weeks after purchase) had read the advertising of their purchased new car more than the advertising of other cars under consideration. In contrast, the same trend was not confirmed in the case of old car owners (three years after purchase) (Ehrlich et al. 1957, pp.99-100)⁽⁴⁹⁾. Festinger (1957) argued that individuals actively contact the information that justifies their behavior or thinking (cognition) to reduce dissonance (pp.21-22). Therefore, actively reading the advertising of a purchased new car indicates that dissonance occurs.

The representative study examining the relationship between the degree of attractiveness of substitute products and dissonance is Brehm (1956). In Brehm's (1956) study, subjects were asked the desirability of the following items: an automatic coffee-maker, an electric sandwich grill, a silk-screen reproduction, an automatic toaster, a fluorescent desk lamp, a book of art reproduction, a stop watch, and a portable radio and told that they could keep one of the eight products. Then, the researcher selected two products randomly and asked the subjects to choose between the two products and to reevaluate them (a chosen product and an unchosen product). The two products were selected in accordance with the following conditions: a high dissonance condition in which subjects were offered the two products rated highly to the same degree when rating all eight products, and a low dissonance condition in which the subjects were offered a highly rated product and a low rated product (Brehm 1956, pp.384-385). The results showed that chosen products were rated higher during the reevaluation than they had been during the initial rating, and unchosen products were rated lower during the reevaluation than during the initial rating in a high dissonance condition. Therefore, subjects reduced dissonance and justified their selection by increasing the evaluation of their chosen products and decreasing the evaluation of their unchosen products

⁽⁴⁹⁾ Kojima (1986) argued that a delusion and a discontent, which occur when an expensive product is purchased, causes dissonance and that the delusion and the discontent do not occur when a low priced product is purchased (pp.115-116).

(Brehm 1956, pp.386-387).

The representative study examining the relationship between the degree of attractiveness of belonging to a group and dissonance is Festinger et al. (1952). Subjects were assigned to either a high attraction group or low attraction group (Festinger et al. 1952, pp.328-331). In the high attraction group, the researcher told subjects “we are also happy to tell you that we were particularly fortunate with this group in putting together people who would get along well with each other. All of you expressed almost identical likes and dislikes in others (remaining text omitted)”(Festinger et al. 1952, p.330). Then, to strengthen the group’s attractiveness, subjects wrote “get-acquainted” notes, and similar notes written by other members of the group were distributed. The notes written by other members were completely fictitious notes created by the researcher. For example, the created notes included: “I volunteered because I’m interested in these experiments and like to work with other people. I think it ought to be a lot of fun working together” (Festinger et al. 1952, p.331). The low attraction group was also manipulated by the same process as the high attraction group, although the context explained by researchers and of the fictitious notes varied. The context explained by the researcher was as follows: “Unfortunately, because of scheduling difficulties, we were not very successful with this group in putting together people who would like each other and be particularly congenial (remaining text omitted) “ (Festinger et al. 1952, p.330). One fictitious note read: “I don’t suppose I know why I volunteered but it will probably be OK.” (Festinger et al. 1952, p.331). Researchers distributed a case study concerning a labor dispute and seven alternative opinions concerning the case and asked subjects to select one alternative opinion among them. The subjects were then informed of other members’ opinions, although that informed opinion was created by the researcher. Subjects were assigned to two conditions, the undeviated condition, under which their opinion conformed to other members’ opinions, and the deviated condition, under which their opinion deviated markedly from other members’ opinions. After 10 minutes, the subjects were asked to explain their own opinion again (Festinger et al. 1952, p.329). The result showed that

subjects in the high attraction group and deviated condition changed their opinion more than the subjects in the low attraction group and deviated condition (Festinger et al. 1952, p.339). Therefore, dissonance was caused by the situation in which an individual's own opinion deviated markedly from the opinions of the high attraction group's other members; dissonance was reduced when an individual changed their opinion and adapted to other members' opinions. Next, we discuss degree of effort.

The representative study examining the relationship between the degree of effort and dissonance is Aronson et al. (1959). The authors examined the relationship assuming that "a person who has gone through a painful initiation to become a member of a group should tend to reduce his dissonance by over-estimating the attractiveness of the group" (Aronson et al. 1959, p.177). In the experiment, subjects were assigned to three condition groups: severe initiation condition, mild initiation condition, and control condition. "In the severe condition, subjects were required to read some embarrassing material before joining the group; in the mild condition, the material they read in order to join the group was not very embarrassing; in the control condition, subjects were not required to read any material before becoming group members" (Aronson et al. 1959, p.178). After the initiation test, subjects heard a discussion of the group that was designed by the researcher to be as dull and banal as possible, and the subjects then evaluated the discussion (Aronson et al. 1959, p.179). The subjects in the severe initiation condition rated the discussion higher than subjects in the mild initiation condition and the control condition. The effort to complete the severe initiation test caused dissonance when hearing the dull discussion of the group; therefore, the dull discussion was rated highly to reduce dissonance.

Cardozo (1965) studied the relationship between the degree of effort and dissonance with respect to satisfaction. Specifically, Cardozo (1965) examined the type of effect that the degree of effort in purchasing a ball-point pen would have on the evaluation of the pen. The author considered that there are two effort conditions: high effort condition and low effort condition, and the effort in each condition were manipulated. For the high effort condition,

subjects were asked to study carefully a catalog containing 31 ball point pens and to record five different features that impressed them from each of the 31 items. This task took approximately one hour. For the low effort condition, subjects were asked to study a catalog and to record one feature from half of the same items used in the high effort condition. This task took approximately fifteen minutes (Cardozo 1965, pp.245-246). The results showed that if subjects in the high effort condition were given a ball-point pen that was worse than expected, the subjects rated the ball-point pen higher than subjects in the low effort condition. The effort spent in purchasing a ball-point pen caused dissonance after the subjects were given the ball-point pen, which was worse than expected, and the subjects experienced disappointment. Subjects reduced dissonance by increasing their rating of the pen to justify their effort, even though the pen was worse than expected. The next dissonance factor is forced compliance.

Forced compliance is defined as “public compliance without private acceptance” (Festinger 1957, p.87). This implies that a person is forced to assume a contradictory opinion, thought, or ideas in public. Festinger et al. (1959) conducted a representative study examining the relationship between forced compliance and dissonance. In the experiment, subjects were asked to do two monotonous tasks. The first task was the simple task of putting 12 spools onto a tray, emptying the tray, and repeating the same work for 30 minutes. The second task was the simple task of turning 48 square pegs on a board a quarter turn clockwise, then turning them another quarter turn, and repeating this series of work for 30 minutes. After dealing with the two monotonous tasks, the researcher asked subjects to convey to another subject (an undergraduate hired by researcher) that the experimental task had been stimulating. Then, subjects were paid a dollar or twenty dollars as a reward for conveying to another subject the false impression of the experimental task. Subjects were then required to evaluate the dull experimental task (Festinger et al. 1959, pp.204-206). The results showed that the monotonous experimental task was rated higher in the case of subjects who were paid a dollar than subjects who were paid twenty dollars (Festinger et al. 1959,

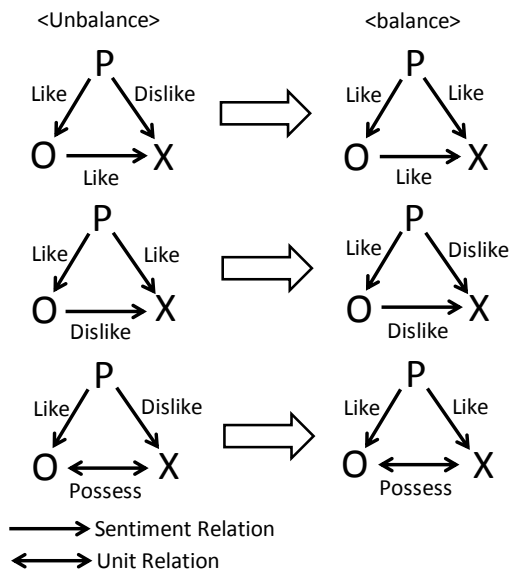
p.208). The responsibility to tell others the false impression of the dull task caused dissonance, but the reward of a dollar could not reduce that dissonance. Therefore, justification was achieved by changing the cognition of the evaluation of the dull task. Harmon-Jones et al. (1996) reinforced the result by Festinger et al. (1959). Harmon-Jones et al. (1996) assumed that the effect of forced compliance on dissonance was induced by the right of choice to refuse forced compliance even if rewards were not paid, verifying the assumption. In this experiment, subjects drank two types of fruit-punch-flavored drink named Kool-Aid. The peasant-tasting drink was mixed with the amount of sugar suggested on the package of Kool-Aid (1 cup per 2 quarts) and the unpleasant-tasting drink, which was mixed with 2 teaspoons of white vinegar. After drinking, researchers asked subjects to write a statement indicating whether they liked or disliked the drinks, and subjects were assigned to a high choice condition or low choice condition when writing the statement. In the high choice condition, researchers forced subjects to write the statement that they liked the drinks but subjects could refuse the request. In the low choice condition, the researcher forced subjects to write the statement that they liked the drinks but subjects could not refuse the request. After writing the statement, the subjects evaluated the liking of the drinks. The subjects who drank the unpleasant drink in the high choice condition rated the drink higher than the subjects in the low choice condition. The responsibility of agreeing to write the false statement caused dissonance, so the drink was rated higher to justify the responsibility in spite of the unpleasant-tasting drink. Finally, we discuss the importance of others.

The importance of others implies that dissonance takes place from the denial of negative findings concerning others. The basic study of the relationship between the importance of others and dissonance is Heider (1946). Heider (1946) suggested balance theory, which explains the psychology of inducing justification using a balance of three elements: P (a person), O (other person), and X (impersonal entity). According to Heider (1946), if the relationship between P (a person), O (other person), and X (impersonal entity) is imbalanced, tension is produced

(pp.107-108). The imbalance corresponds to dissonance (Festinger 1957, p.8). For example, if a person (P) dislikes a movie (X) that is liked by another person who is liked by person (O), the balance of the three elements is lost. In such cases, person (P) feels uncomfortable (because dissonance occurs) and, to correct the imbalance, person (P) tries to like the movie. Additionally, even if person (P) likes movie (X) that is not liked by another person who is liked by person (O), the balance of the three elements is lost. Then, person (P) feels uncomfortable and, to correct the imbalance, person (P) tries to dislike the movie.

Heider likened “sentiment relation” to like, to love, to esteem, to value, and their opposites (Heider 1946, p.7; Heider 1958, p.200). In addition to sentiment relation, Heider suggested “unit relation,” which represents proximity, causality, membership, possession, or belonging (Heider 1946, p.7; Heider 1958, pp.200-201). For example, person (P) dislikes back packs but another person (O) who is liked by person (P) always comes carrying a pack (possession) to school (X). In such cases, an imbalance occurs. Then, person (P) feels uncomfortable and, to correct the imbalance, person (P) tries to like back packs and begins to carry a pack to school. Figure 4-3 shows the relationship of the three elements.

Figure 4-3: The Relationship of Three Elements



(Source) Made by author referring to Heider (1958), pp.207-209.

Heider (1946) indicated theoretically that important others cause dissonance, and research after Heider (1946) examined experimentally the relationship between the important of others and dissonance.

For example, Schachter et al. (1955) confirmed that we tend to deny bad news involving important persons. The authors' experimental procedure was as follows: First, a school principal goes into a class room, points a finger at one girl (who is a fairly average member of her class, reasonably popular, and has fair grades), and announces, "Miss K., would you get your hat, coat, and books, please, and come with me. You will be gone for the rest of the day" (Schachter et al., 1955, p. 365). Then, the principal and the girl walk out of the room together in silence. Next, experimenters carried out a survey of how the girl's friends and non-friends looked at the event. As a result of this survey, the authors confirmed that the girl's friends tended to look at the bright side of the event compared to the non-friends, and in addition, they were apt to spread good rumors about the event (Schachter et al., 1955, pp. 365-366, pp. 369-370).

Koshiro, et al. (2010) also showed the same tendency regarding celebrity scandals. The authors conducted test

among college students of attitudes toward the scandals of celebrities that they liked or did not like. As it turned out, the more subjects liked a celebrity, the more subjects tended to adopt a permissive attitude about the celebrity's scandal (Koshiro et al., 2010, pp. 114-129).

These two research studies have something in common: they established that subjects tend to deny the fact that an admired person committed mistakes. The reason to deny such mistakes is to reduce the dissonance that occurs between the cognitions "I (P in Heider's balance theory) admire Person O" and "Person O made a mistake (X in Heider's balance theory)". In this way, we tend not to condemn an important person's mistakes to the same extent as we would if we faced the situation with an unimportant person.

We discussed the five dissonance factors: the importance of decision, the degree of attractiveness of a belonging to a group, the degree of effort, forced compliance, and the degree of importance of others. What type of dissonance factors can be applied to marketing communication? The next section discusses the dissonance factors that can be controlled by firms and forms the hypotheses that are examined in the remainder of this chapter.

4. Dissonance Factors Controllable by Firms and Hypothesis Formulation

We discuss the dissonance factors that can be controlled by firms in the following order: the importance of decision, the degree of attractiveness of belonging to a group, the degree of effort, forced compliance, and the degree of importance of others.

If the product to be purchased is expensive (the degree of price), or if another product is as attractive as the preferred product (the degree of attractiveness of substitute products), the importance of the decision is increased. First, we discuss whether the degree of price can be controlled by firms. For example, Sony's NW-ZX1, a Walkman series model, retailed for approximately ¥77,000 yen (the retail sale price of the NW-ZX1) and was considered a luxury product unlike other MP3 players because of setting to the price of twice times more than

other MP3 players' price (from ¥10,000 to ¥28,000), performing comfortable acoustic reproduction with high sound quality, its aluminum-made cutting design and other aesthetics⁽⁵⁰⁾. KIRIN also retailed “別格⁽⁵¹⁾ (Bekkaku)” series, which consisted of an exceptional green tea “日本冠茶” (Nihon kabuse cha), an exceptional coffee “希少珈琲” (Kisho coffee), an exceptional ginger ale “生姜炭酸” (Syoga tansan), and an exceptional oolong tea “黃金鐵觀” (Ougon teekan). 別格 series sold for twice the price of other refreshing beverages and was considered a luxury product because of the packaging, which was gold and emphasized the image of wa (Japanese culture) to communicate the careful selection of Japanese materials in the products⁽⁵²⁾. The degree of price is controlled by firms; however, it is regulated by product concepts; therefore, it is difficult to apply this dissonance factor to products other than luxury products.

What, then, is the degree of attractiveness of substitute products? We believe that this factor cannot be controlled by firms because the decision concerning product selection is controlled by consumers, not firms. However, differing opinions may exist because there are some examples to suggest the possibility that the degree of attractiveness of substitute products can be controlled by firms. For example, new series of Nintendo's Pokémon video game are always released in two versions (e.g., Pokémon Alpha Sapphire and Omega Ruby, Pokémon X and Y, and Pokémon Black and White). Apple's iPad is released with different versions according to storage capacity (e.g., 16 GB, 64 GB, and 128 GB in iPad Air 2). Brehm (1956), however, suggested that dissonance does not occur among similar products (pp.388-389); therefore, the differences in versions do not correspond to the degree of attractiveness of substitute products. Next, we discuss whether the degree of attractiveness of belonging to a group can be controlled by firms.

We believe that the degree of attractiveness of belonging to a group can be controlled by firms. For example, the

⁽⁵⁰⁾ *Nikkei Sangyo Shimbun*, April 10, 2014 edition.

⁽⁵¹⁾ 別格(Bekkaku) translates to “special” or “extraordinary” in English.

⁽⁵²⁾ *Nikkei Sangyo Shimbun*, December 12, 2014 edition.

movie “You’re Next” held a preview screening in Japan before its premiere and implemented a questionnaire survey at the preview screening. The results of the questionnaire survey were posted on the web with the following message; “film fans are screaming × refreshing. 92% of all participants in preview screening answered “satisfied””⁽⁵³⁾. Such communication can create a situation in which a person’s opinion of a movie deviates significantly from other movie fans if the person is a movie fan and felt disappointed with the movie, such as the case in the Festinger et al. (1952) experiment. Although the degree of attractiveness of belonging to a group can be controlled, the usefulness of the communication is influenced by consumers’ reactions. This makes it difficult for firms to completely control this dissonance factor. We discuss whether the dissonance factor “degree of effort” is controllable by firms.

We believe that the degree of effort can be controlled by firms. However, it is influenced by products that may not be controllable. For example, in Comic Market, which is a doujinshi (a derivative work of a comic or animation) convention in Japan, special edition books or limited items only available from Comic Market are sold by animation production companies. Comic Market visitors sometimes wait in line for five to seven hours to buy a special edition book. Although the purchase of such products, which communicate rarity, increase the degree of effort required by consumers, many products cannot increase the degree of effort, even though rarity is communicated. For example, some limited items sold in Comic Market can be purchased without the need to wait in line even at peak times (between ten a.m. and noon)⁽⁵⁴⁾. Therefore, the degree of effort cannot necessarily be controlled by companies because the dissonance factor often depends on consumers.

With respect to forced compliance, we believe that it is not difficult to control forced compliance by companies.

⁽⁵³⁾ “Sapuraizu tokusyuu saito [You’re Next Special Site],” <http://coco.to/special/35269> (December 27, 2014).

⁽⁵⁴⁾ This information concerning Comic Market referred to the information collected from six independent visits to Comic Market during the period 2011 to 2014.

Dissonance occurs by forced compliance when an individual say or write a false opinion or impression. One example is a recommendation contest for a company product (e.g., Procter & Gamble). In that contest, a sentence recommending a product is written by consumers and prizes are awarded to the winners (Cialdini 2001, p.71). However, there are two concerns with this technique. One concern is that it is not certain whether the written sentence represents a false opinion of a product. The second concern is prize giving. In Festinger et al.(1959), dissonance did not occur if subjects received twenty dollars as a reward. This implies that dissonance does not occur if a prize in the contest is determined to have a certain value. Therefore, forced compliance cannot necessarily be controlled by firms. Finally, we discuss the importance of others.

We believe that the importance of others is the easiest factor to control by firms. Dissonance caused by the importance of others occurs when we face a situation that requires us to deny their preferred opinion, impression, or behavior. Assuming this condition, we consider that this dissonance factor can apply to celebrity endorsement advertising because, if we form an expectation for a product by watching our favorite celebrity endorsement advertising and the product is disappointing, we must deny our favorite celebrity's opinion for the product. Dissonance occurs in this case. Therefore, the importance of others is the most controllable of the five dissonance factors by firms. Table 4-2 shows a summary of the discussion in this section.

Table 4-2: Summary of Research on Dissonance Factors

Dissonance Factor		Researcher	Research Content	Controllability of the Dissonance Factor
Importance of Decision	Degree of Price	Ehrlich et al. (1957)	<p>Verification of the relationship between new car purchase and dissonance.</p> <p><Result></p> <ul style="list-style-type: none"> •New car purchasers tend to have studied the advertising of the purchased car more than the advertising of othercars considered under consideration. •Old car owners have different tendencies from new car purchasers. 	△
	Attractiveness of Substitute Products	Brehm (1956)	<p>Verification of the relationship between choosing from several attractive alternatives and dissonance.</p> <p><Result></p> <ul style="list-style-type: none"> •if a product is chosen from two rated attractive products, the selected product is rated higher in a subsequent rating, and the unselected product is rated lower in a subsequent rating. •The tendency does not occur for products with a high similarity. 	×

Degree of Attractiveness of Belonging to a Group	Festinger et al. (1952)	<p>Verification of the relationship between deviation from a belonging attractive group and dissonance.</p> <p><Result></p> <ul style="list-style-type: none"> •if an individual's opinion differs from that of an attractive belonging group, the individual will change their opinion to match the group opinion. 	△
	Lipset et al. (1954)	<p>Verification of the relationship between deviation from a supporting political party and dissonance.</p> <p><Result></p> <ul style="list-style-type: none"> •If an individual does not support a belonging party member in the first interview, the individual tends to support the party member in the second interview. 	
Degree of Effort	Aronson et al. (1959)	<p>Verification of the relationship between the degree of effort devoted to become a member of a group and dissonance.</p> <p><Result></p> <ul style="list-style-type: none"> •The higher the degree of effort required by an individual to join a group, The higher the individual will rate the group, even when exposed to a dull group discussion. 	△
	Cardozo (1965)	<p>Verification of the relationship between the degree of effort devoted to obtain a ball point pen and dissonance.</p> <p><Result></p> <ul style="list-style-type: none"> •The higher the degree of effort devoted to obtain a ball-point pen, the higher the rating of the ball-point pen, even though the ball-point pen is worse than expected. 	

Forced Compliance	Festinger et al. (1959)	<p>Verification of the relationship between expressing a false attitude, rewards, and dissonance.</p> <p><Result></p> <ul style="list-style-type: none"> • If an individual expresses a false attitude and a dollar is given as a reward, the true attitude is replaced by the false attitude. • If an individual expresses a false attitude and twenty dollars are given, the true attitude does not change. 	△
	Harmon-Jones et al. (1996)	<p>Verification of the relationship between expressing a false attitude, refusing to express a false attitude, and dissonance.</p> <p><Result></p> <ul style="list-style-type: none"> • If an individual expresses a false attitude despite being able to refuse to do so, the true attitude is replaced by the false attitude. • If an individual expresses a false attitude and is not able to refuse it, the true attitude does not change. 	
	Gosling et al. (2006)	<p>Verification of the relationship between a act of expressing a false attitude, a act of refusing to express a false attitude, denial of responsibility, and dissonance.</p> <p><Result></p> <ul style="list-style-type: none"> • If an individual expresses a false attitude despite it being able to refuse it and is given an opportunity to deny responsibility for expressing the false attitude, the true attitude is not replaced by the false attitude. 	

Importance of Others	Heider (1946, 1958)	<p>Suggesting balance theory.</p> <p>Balance theory explains the psychology of inducing justification by a balance of three elements: P (a person), O (other person), and X (impersonal entity).</p>	○
	Schachter et al. (1955)	<p>Verification of the relationship between the recognition of an important other's mistake and dissonance.</p> <p><Result></p> <ul style="list-style-type: none"> • If a rumor of a individual's mistake spreads, that individual's friends will attempt to correct the rumor and deny that the individual made a mistake. 	
	Davis et al. (2001)	<p>Verification of the relationship between disagreement with an important other and dissonance.</p> <p><Result></p> <ul style="list-style-type: none"> • If a individual's attitude does not coincide with a important other's attitude, the person's attitude adjusts to the important other's attitude unless it is not difficult for the individual to change the attitude. 	

	Koshiro et al. (2010)	<p>Verification of the relationship between recognition of a celebrity's scandal and dissonance.</p> <p><Result></p> <ul style="list-style-type: none"> •The more an individual likes a celebrity, the greater the tolerance for that celebrity's scandal. 	
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(Source) Edited Ota (2012), p.237, Chart 4 by author.

Notes: (1)○: This represents high company controllability.

△: This represents medium company controllability.

×: This represents low company controllability.

(2) This table summarizes the empirical studies. Heider (1946, 1958) is included because these studies represent the beginning point of significant subsequent studies.

We believe that the dissonance factor “the importance of others” can be controlled using celebrity endorsement advertising. When we see our favorite celebrity advertising and experience dissonance, we assume that assimilation effect occurs by reducing that dissonance in the following process: To reduce dissonance, we attempt to conform our experience to our favorite celebrity’s opinion by adjusting our perception so that the level of quality approximates (assimilates) expectation levels. As a result, satisfaction level approximates the expectation level. Hence, we can form two hypotheses as follows:

H1: Satisfaction level comes close to expectation level if we form an expectation for a product through an endorsement by an admired person (e.g., celebrity), even if the product is disappointing.

H2: Satisfaction level does not come close to expectation level if we form an expectation for a product through endorsement by a person that we are not interested in (e.g., noncelebrity) and the person is disappointed in the product.

We verified these two hypotheses empirically using celebrity endorsement advertising and noncelebrity endorsement advertising in the hypotheses testing. The next section discusses the experimental procedures.

5. Methods

(1) Experimental Procedure

To test the two hypotheses, the requirements were as follows:

- (a) Product endorsed by celebrity and noncelebrity
- (b) Advertising for the product that is endorsed by celebrities and noncelebrities
- (c) Subjects who like the celebrity used in this experiment

Description of the product (a). We planned to use a two- to three-minute short animated films made by the public and posted on YouTube or niconico⁽⁵⁵⁾. The reason for this choice of films made by the public was to remove a bias through which high awareness and affinity would influence assessment of satisfaction (Christopher et al., 1987, p. 13, Iyengar, 2010, pp. 159-161). Moreover, we needed to extract a less satisfactory short animation film. As mentioned earlier, assimilation effect takes place under the condition of disappointment. We conducted a survey of ten works of short animated films (Animation1-Animation10), which we chose from YouTube and niconico, and had evaluated using a 10-point overall satisfaction rating scale by Japanese college students⁽⁵⁶⁾. As

⁽⁵⁵⁾ niconico is a content distribution website operated by niwango Inc. niconico provided the content services as follows: niconico douga (a moving image contribution platform), niconico namahoso (a live broadcasting platform), niconico seiga (an image contribution platform), niconico channel (an official moving image distribution platform), and other services.

⁽⁵⁶⁾ Anderson et al. (2000b) point out that 10-point scales can remove the skewedness of the frequency distribution, which is the phenomena that we tend disproportionately to assess satisfaction ratings if the scale is small (p. 875). For these reason, ACSI uses a 10-point scale measuring degree of satisfaction (Fornell et al., 1996, pp.

a result, Animation2 received the lowest scores ($M = 4.57$, $SD = 2.05$) of the ten works (see Table 4-3), so we used Animation2 in this study. Also, note that the satisfaction rating of Animation2 was evaluated under the situation that an expectation for Animation2 could not be built ahead of time because this fact is an important part of this study.

Table 4-3: Satisfaction Scores for Ten Short Animated Films

	M	SD		M	SD
Animation 1	6.30	1.90	Animation 6	6.03	2.24
Animation 2	4.57	2.05	Animation 7	5.23	1.92
Animation 3	5.93	1.98	Animation 8	6.93	2.00
Animation 4	5.47	1.83	Animation 9	4.93	2.16
Animation 5	6.17	2.55	Animation 10	6.30	1.73

Notes: M = mean, SD = standard deviation.

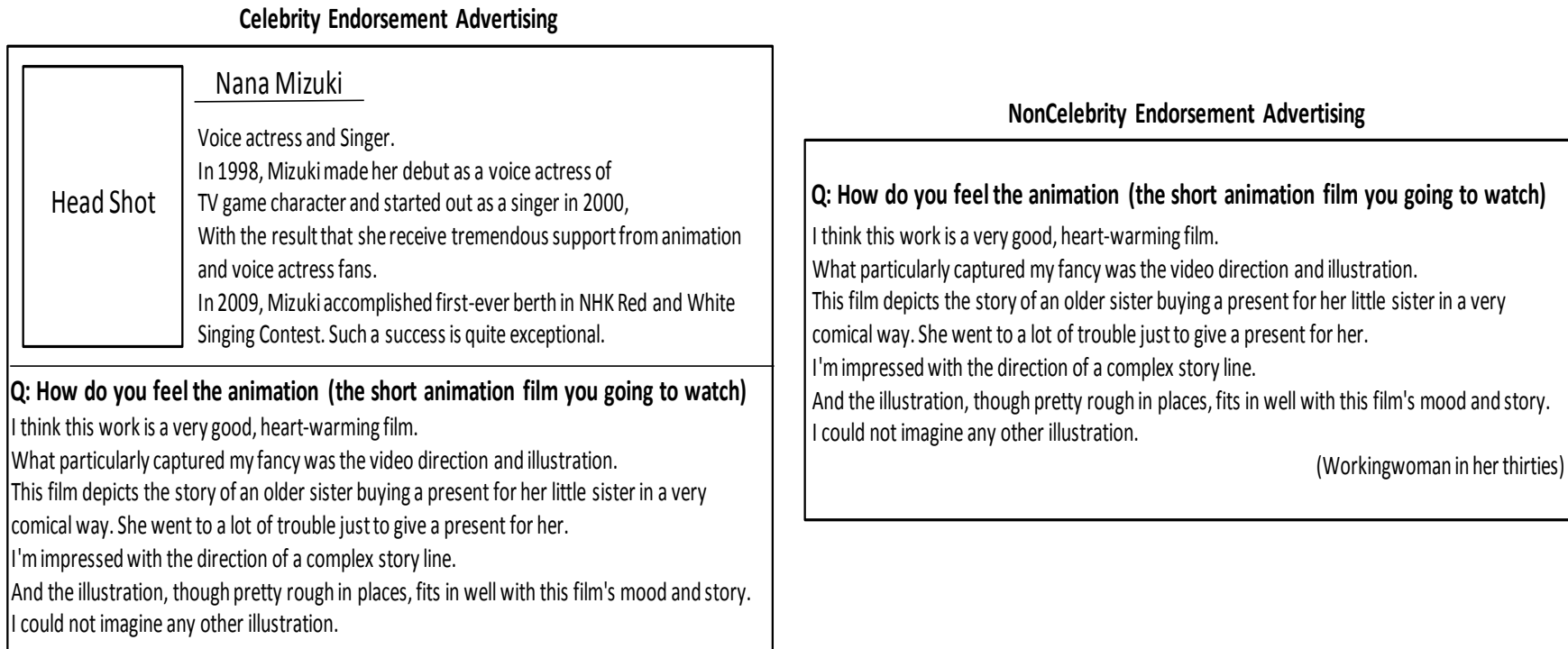
Next, we accounted for the advertisements (b). We created two advertisings, a celebrity endorsement advertising and a noncelebrity endorsement advertising. The celebrity featured in the celebrity endorsement advertising was Nana Mizuki, an animation voice actress and singer in Japan, chosen because the product to be used in this study was animation. The noncelebrity endorsement advertising featured a fictional character, which we set as a working woman in her thirties. We wanted to remove any bias due to similarities with others that might influence subjects' behavior or assessment (Festinger, 1954, pp. 120-121). This study used college students as subjects; hence, we selected a character that is different from college students. The endorsement context of the two advertisings adopted a one-sided message and the same context to raise expectations for the product in each of

10-11).

them ⁽⁵⁷⁾. The layout for the advertisings used Baker et al. (1977), Friedman et al. (1979), and entertainment magazine as a reference (see Figure 4-4).

⁽⁵⁷⁾ Pratkanis et al. (1992) point out that a one-sided message is useful if a recipient of a message does not have much information related to that message and does not have a strong opinion against it (pp. 200-202).

Figure 4-4: Two Endorsement Advertisings



(Source) Edited Ota (2014), p.7, Figure 3 by author.

Notes: We used a Japanese version of these advertisings in the study. These figures translate the Japanese version into English.

We conducted the experimental survey with college students, to collect the data used in the analyses to test our hypotheses. Subjects were divided into two groups. The first group saw the celebrity endorsement advertising (henceforth “Group A”) and the second group saw the noncelebrity endorsement advertising (henceforth “Group B”).

Group A’s procedure was as follows: First, subjects received an explanation of the survey; second, they evaluated the likability of the celebrity (Nana Mizuki); third, they read the celebrity endorsement advertising for Animation2; fourth, they evaluated an overall expectation for Animation2; fifth, they watched Animation2; and sixth, they evaluated their overall satisfaction with Animation2. Group B’s procedure was the same routine as Group A’s, except they did not evaluate the likability, and they read the noncelebrity endorsement advertising.

Overall expectation and overall satisfaction were rated on a 10-point scale. The likability of the celebrity was measured by a five-point Likert scale (1. *Do not like her at all*, 2. *Do not like her much*, 3. *Neutral*, 4. *Like her somewhat*, 5. *Like her very much*, 6. *Don’t know*).

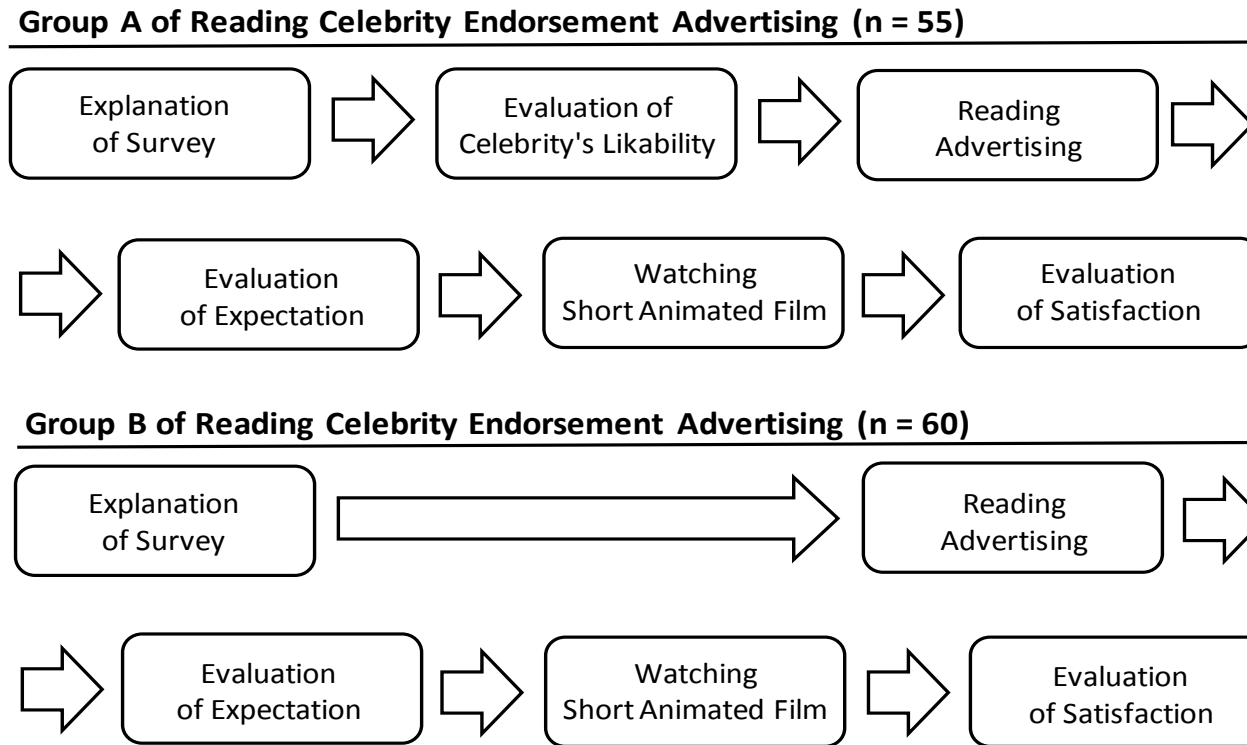
Subjects (c). We collected 55 valid responses to the survey from Group A, 60 from Group B, and 115 totals. We extracted the subjects who liked the celebrity (Nana Mizuki) from Group A’s survey data and created two groups of these, which were “With Likability” and “With Likability + α .” The “With Likability” group consisted of subjects who evaluated the likability as 4. *Like her somewhat* or 5. *Like her very much* (n=17). The group “With Likability + α ” consisted of subjects from “With Likability” and those who endorsed 6. *Don’t know* (n = 10, n = 27, in total). A reason for creating the latter group was because we took into consideration the halo effect on subjects who responded 6. *Don’t know*. A halo effect means that a specific feature (e.g., physical characteristics, background) influences individuals’ assessment of something (Thorndike, 1920, p. 25; Cooper, 1981, p. 219). The celebrity endorsement advertising includes an attractive head shot of the celebrity and, her background that could promote a halo effect, so we determined that subjects who endorsed 6. *Don’t know* could be in favor of the

celebrity. Hence, we created the group “With Likability + α .”

“With Likability” and “With Likability + α ” were used as groups for analysis to test the hypotheses. Additionally, we included Group B’s subjects, which will be referred to as “Without Likability” for the following discussion.

Figure 4-5 shows the survey procedures for the Group A and Group B. Figure 4-6 shows the grouping process of “With Likability” and “With Likability + α .”

Figure 4-5: Survey Procedures for Group A and Group B



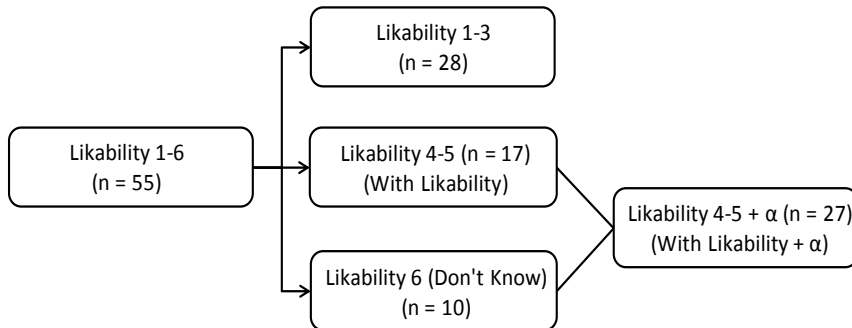
(Source) Edited Figure 4 in Ota (2014), p.8 by author.

Notes: (1) Expectation means overall expectation, which was rated on a 10-point scale.

(2) Satisfaction means overall satisfaction, which was rated on a 10-point scale.

(3) Short animated film means Animation 2

Figure 4-6: Grouping Process



Notes: Likability scale, 1. *Do not like her at all*, 2. *Do not like her much*, 3. *Neutral*, 4. *Like her somewhat*, 5. *Like her very much*, and 6. *Don't know*.

(2) Analytical Method

Student T-tests were used for the analyses. The alpha level was set at .05. The analytical software employed was IBM SPSS Statistics 21.

In the H1 analysis, we tested the following hypotheses:

- A. There will be no significant difference between expectation level and satisfaction level in the group “With Likability.”
- B. There will be no significant difference between expectation level and satisfaction level in “With Likability + α .”
- C: The satisfaction level rating for “With Likability” and “With Likability + α ” will be higher than the satisfaction level rating for Animation2 that resulted when we surveyed the satisfaction scores for 10 short animated films

⁽⁵⁸⁾.

⁽⁵⁸⁾ Ueda (2009) points out that a one-tailed test is better to use if we conduct the verification of the hypothesis that a is bigger than b ($a > b$), that a two-tailed test is better to use if we conduct the verification of the hypothesis

First, confirming A and B, we determined whether the satisfaction level came close to the expectation level. However, we also needed to confirm C, because if assimilation effect occurred, the satisfaction level should've been pulled toward the expectation level. As mentioned earlier, the survey of satisfaction scores for the 10 short animated films was measured under conditions that were not affected by assimilation effect because we did not provide any information about the animated films to build expectations for them. Therefore, we hypothesized that the satisfaction level in "With Likability" and "With Likability + α " should be significantly higher than the satisfaction level of Animation2 ($M = 4.57$) collected in the satisfaction survey of 10 short animated films [henceforth "SLA2" (Satisfaction level of Animation 2)].

In the H2 analysis, we tested the following two additional hypotheses:

- D. There will be a significant difference between expectation level and satisfaction level in "Without Likability."
- E. There will be no significant difference between satisfaction level in "Without Likability" and SLA2 ($M = 4.57$).

In the next section, we present the results of the analyses.

6. Results

Table 4-4 and Figure 4-7 show the mean of each group expectation level, which was 6.82 in "With Likability", 6.41 in "With Likability + α " and 6.55 in "Without Likability." These scores are relatively close and all are higher than SLA2 ($M = 4.57$). Under the conditions of seeing the advertisements and viewing the short animation, the assimilation effect appears to have occurred comparably across these three groups.

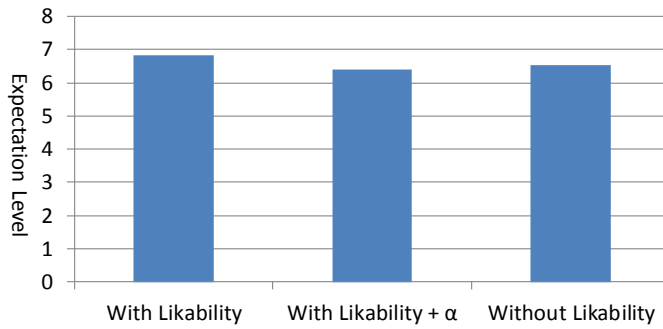
that there is a difference between a and b ($a \neq b$) (p. 37). Therefore, C only uses a one-tailed test in this verification.

Table 4-4: Mean of Each Group Expectation Level (1)

	Expectation Level	
	M	SD
With Likability	6.82	2.30
With Likability + a	6.41	2.31
Without Likability	6.55	2.23

Notes: M = Mean, SD = Standard deviation

Figure 4-7: Mean of Each Group Expectation Level (2)



Let us discuss the results of the H1 analysis. In these results, there was no significant difference between expectation and satisfaction in both “With Likability” (expectation: M = 6.82, satisfaction: M = 5.82) and in “With Likability + α ” (expectation: M = 6.41, satisfaction: M = 5.63). In addition, the satisfaction levels for these groups came closer to expectation level than did the satisfaction level of “Without Likability” (M = 4.97) (see Table 4-5).

Table 4-5: Comparison of Expectation with Satisfaction (Results of Hypothesis 1)

	Expectation Level		Satisfaction Level		P-value
	M	SD	M	SD	
With Likability	6.82	2.3	5.82	2.19	.13
With Likability + α	6.41	2.31	5.63	2.22	.07

Notes: ** $p < .01$, * $p < .05$.

Moreover, we confirmed that there was a significant difference between SLA2 ($M = 4.57$) and satisfaction in “With Likability” ($M = 5.82$) and in “With Likability + α ” ($M = 5.63$) (see Table 4-6). This result suggests that satisfaction level was pulled toward expectation level, so that assimilation effect occurred. From the above, H1 was supported.

Table 4-6: Comparison of SLA2 with Satisfaction of Each Group (Result of Hypothesis 1)

	Satisfaction Level				P-value
	M	SD	M	SD	
With Likability vs. SLA2	5.82	2.19	4.57	2.05	.03*
With Likability + α vs. SLA2	5.63	2.22	4.57	2.05	.04*

Notes: (1) ** $p < .01$, * $p < .05$.

(2) SLA2: Satisfaction level of Animation 2; which was measured under conditions that were not affected by assimilation effect because we did not provide any information about the animated films to build expectations for them.

Next, we discuss the results of the H2 analysis. These results showed that the satisfaction level of “Without Likability” ($M = 4.97$) was lower than the satisfaction level of the other two groups (“With Likability”: $M = 5.82$, “With Likability + α ”: $M = 5.63$), and there was a significant difference between expectation and satisfaction in

the “Without Likability” group (expectation: M = 6.55, satisfaction: M = 4.97) (see Table 4-7). In addition, the satisfaction level was not significantly different from SLA2 ($p > .05$), so that H2 was supported (see Table 4-8).

Table 4-7: Comparison of Expectation with Satisfaction (Results of Hypothesis 2)

	Expectation Level		Satisfaction Level		P-value
	M	SD	M	SD	
Without Likability	6.55	2.23	4.97	2.23	.00**

Notes: ** $p < .01$, * $p < .05$.

Table 4-8: Comparison of SLA2 with Satisfaction of Each Group (Result of Hypothesis 2)

	Satisfaction Level				P-value
	M	SD	M	SD	
Without Likability vs. SLA2	4.97	2.23	4.57	2.05	.41

Notes: (1) ** $p < .01$, * $p < .05$

(2) SLA2: Satisfaction level of Animation 2; which was measured under conditions that were not affected by assimilation effect because we did not provide any information about the animated films to build expectations for them.

As the analytical results showed above, the two hypotheses which we suggested was supported. In other words, our analyses clearly show that the celebrity endorsement advertising can trigger dissonance and an assimilation effect in persons who like the celebrity, and that the noncelebrity endorsement advertising does not elicit dissonance and an assimilation effect. Table 4-9 and Figure 4-8 show the summary of our analytical results.

Next section, we discuss the implication derived from our analytical results.

Table 4-9: Summary of the Analytical Results of Hypothesis 1 and 2

(a) Comparison of Expectation with Satisfaction

	Expectation Level		Satisfaction Level		P-value
	M	SD	M	SD	
With Likability	6.82	2.3	5.82	2.19	.13
With Likability + α	6.41	2.31	5.63	2.22	.07
Without Likability	6.55	2.23	4.97	2.23	.00**

Notes: (1) ** $p < .01$, * $p < .05$

(2) Filled portions: The results of hypothesis 1

Unfilled portions: The results of hypothesis 2

(b) Comparison of SLA2 with Satisfaction of Each Group

	Satisfaction Level				P-value
	M	SD	M	SD	
With Likability vs. SLA2	5.82	2.19	4.57	2.05	.03*
With Likability + α vs. SLA2	5.63	2.22	4.57	2.05	.04*
Without Likability vs. SLA2	4.97	2.23	4.57	2.05	.41

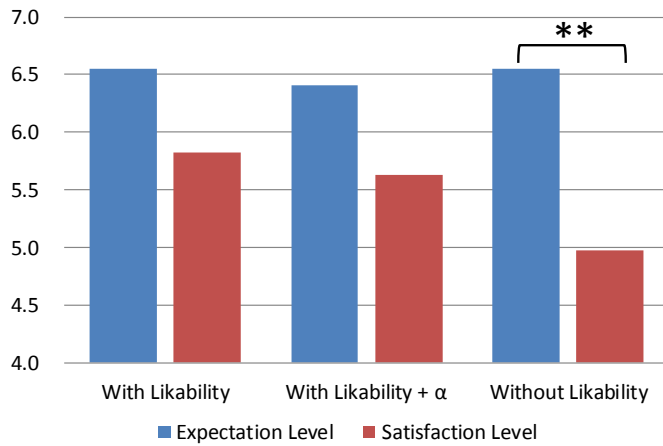
Notes: (1) ** $p < .01$, * $p < .05$

(2) Filled portions: The results of hypothesis 1

Unfilled portions: The results of hypothesis 2

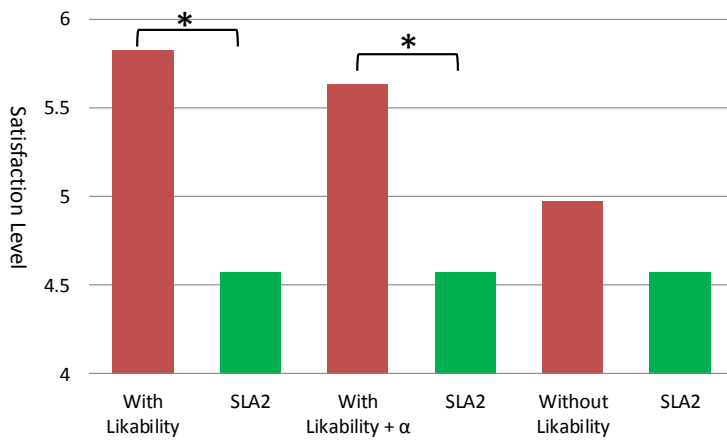
Figure 4-8: Summary of Analytical Results of Hypothesis 1 and 2

(a) Comparison of Expectation with Satisfaction



Notes: ** $p < .01$, * $p < .05$.

(b) Comparison of SLA2 with Satisfaction of Each Group



Notes: (1) ** $p < .01$, * $p < .05$.

(2) SLA2: Satisfaction level of Animation 2; which was measured under conditions that were not affected by assimilation effect because we did not provide any information about the animated films to build expectations for them.

7. Implications

We suggest some academic implications based on our results. First, we present implications for expectation

management and assimilation effect studies. Previous research on expectation management suggests that it is practical to employ two-sided appeal marketing communication but not practical to employ one-sided appeal communication. Two-sided appeals can manipulate expectations to suppress disappointment; in contrast, one-sided appeals have a high possibility of causing disappointment because of increasing expectations (e.g., Kamins et al. 1987a; 1987b). However, our analytical results showed that disappointment can be suppressed by one-sided appeal advertising that considers the psychological aspects (see Chapter 3 for psychological aspects), specifically using celebrity endorsement advertising. Our analyses showed that psychological expectation management (that constructs belief/knowledge using one-sided appeals to suppress disappointment) is possible (see Chapter 3 for psychological aspects and psychological expectation management). With respect to assimilation effect, although previous research on assimilation effect reflected a common opinion that if individuals' expectations increase, the individuals will be more satisfied, our analyses showed that increased expectation does not necessarily evoke assimilation effect.

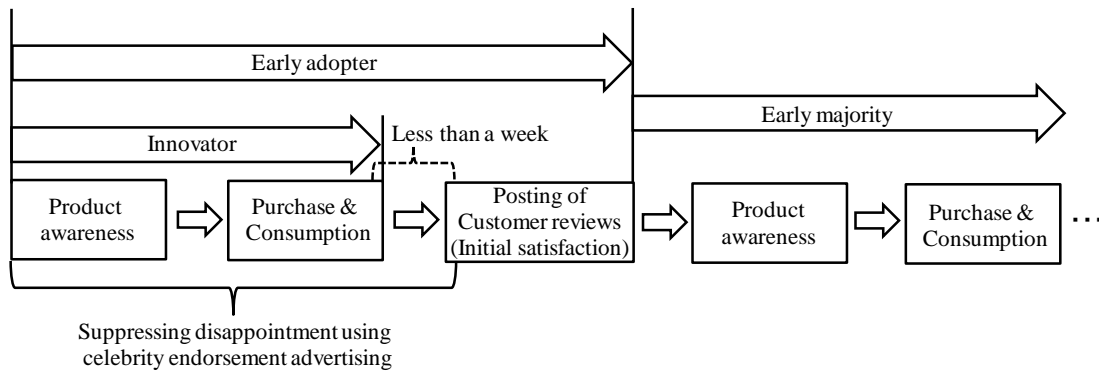
Second, we presented implications concerning celebrity endorsement advertising. Previous research in this field focused on the relationship between celebrity endorsement advertising and product expectations (attitude), product image, or purchase intention, not satisfaction. For example, Friedman et al. (1976) showed that celebrity endorsement advertising was useful in increasing product expectations and purchase intention (pp.23-24). Baker et al. (1977) added the results of Friedman et al. (1976) and showed the effect of celebrity endorsement advertising, which is to increase product expectations and purchase intention by influencing the degree of attractiveness for the endorser and the difference in product types (pp.547-552). Friedman et al. (1979) also showed that the effect was influenced by differences in product types (pp.68-70). Moreover, Kamins et al. (1994) found that the effect of celebrity endorsement advertising on product expectation was influenced by the degree of congruence between celebrities and the products advertised (p.581). Recently, Chao et al. (2005) found that celebrity endorsement in

other countries did not decrease a poor opinion that individuals held for a country (p.185).

The previous research on celebrity endorsement has focused on its influence on consumer behavior before purchasing, not on the influence on consumer behavior after purchase and consumption. Our analyses add to the celebrity endorsement advertising research and confirm that this type of advertising influences consumer behavior after purchase and consumption.

Finally, we discuss the practical implication. Considering what we described above, Figure 4-9 presents the contributions of our analytical results to the practical implications. Our findings support the theory that consumers evaluate product satisfaction based on advertising and the product's quality. Chapter 1 and 2 indicated that initial satisfaction is based on customer reviews, which are a buying criteria for modern consumers and the importance of increasing it because early adopters who have the tendency to purchase a new product or service in an early stage and share their satisfactory or unsatisfactory experience with it also post customer reviews based on their initial satisfaction. However, improving product quality does not necessarily guarantee satisfaction, as Chapter 3 demonstrated. Therefore, companies need to increase initial satisfaction not only by product quality but also by advertising. This chapter showed that celebrity endorsement advertising contributes to increasing initial satisfaction. We believe that it is advantageous to appoint a celebrity endorser who is liked by the target consumer. Moreover, our analyses indicated that celebrity endorsement advertising could trigger an assimilation effect in persons who are unfamiliar with the celebrity. However, this effect is not derived from the complete analysis but from an incomplete analysis that employed subjects who liked the celebrity and subjects who were unfamiliar with the celebrity. Therefore, we limit our discussion of this effect.

Figure 4-9: Contributions of Our Analytical Results to Practical Implications



8. Summary and Conclusion

This chapter empirically discussed methods to increase initial satisfaction without improving product quality and using psychological expectation management.

First, we discussed assimilation effect, which represents the psychological phenomenon that satisfaction levels approximate expectation level and are central to the method (psychological expectation management). We confirmed that assimilation effect is related to cognitive dissonance theory and that if expectations are formed in such a way that dissonance occurs, we can control assimilation effect.

Next, we discussed dissonance factors that trigger dissonance, and the controllable dissonance factors. We confirmed five dissonance factors: the importance of the decision (the price and attractiveness of substitute products), the degree of attractiveness of belonging to a group, the degree of effort, forced compliance, and the importance of others. Among five dissonance factors, we find that the importance of others, which dissonance occurs through denial of negative findings concerning others who are considered important, is the easiest to control and apply to marketing communication. Specifically, we indicated that celebrity endorsement advertising is a practical way to apply this dissonance factor.

Third, we verified empirically that celebrity endorsement advertising can trigger dissonance and the assimilation

effect and demonstrated the following:

- Celebrity endorsement advertising triggers dissonance and assimilation effect for persons who like the celebrity.
- Noncelebrity endorsement advertising does not elicit dissonance and assimilation effect.
- Increased expectation does not necessarily evoke assimilation effect.
- Consumers evaluate their satisfaction with products based on advertising as well as the product's quality.

Celebrity endorsement advertising creates a situation that requires us to deny our favorite celebrity's opinion on a product so that dissonance and assimilation occurs. The denial of important others generates dissonance and assimilation. However, the expense of celebrity endorsement advertising is much greater than the expense of noncelebrity endorsement advertising. Tens of millions of yen are spent in appointing Japanese celebrities⁽⁵⁹⁾. Therefore, although our analyses showed that noncelebrity endorsement advertising can easily cause disappointment, noncelebrity endorsement advertising cannot be avoided in some cases.

The next chapter verifies the effect of increasing satisfaction by advertising, which causes dissonance because individuals are required to deny themselves. Specifically, we show empirically that although disappointment is generated by noncelebrity endorsement advertising, disappointment can be ameliorated through advertising that explains the difficulties experienced by employees during product development.

⁽⁵⁹⁾ According to *Nikkei Entertainment*, for example, popular actors in their teens and twenties cost approximately ¥15 million to ¥40 million. Moreover, the contract money for commercials using popular groups in Japan costs approximately ¥3 billion yen to ¥5 billion yen (*Nikkei Entertainment*, October, 2009 edition). We confirmed by interviewing a casting department manager of a major advertising agency that this magazine's information serves as a reference for the contract cost of celebrities for commercials.

Chapter 5

Generation of Initial Satisfaction by Denial of Oneself

Chapter 4 described that although celebrity endorsement advertising suppresses disappointment, employing celebrities is expensive. Therefore, not all firms can easily afford celebrity endorsement advertising. Chapter 5 shows empirically that although disappointment is generated by noncelebrity endorsement advertising, disappointment can be ameliorated by providing advertising that communicates a story concerning the difficulties experienced during product development. This effect is based on attribution theory.

The structure of this chapter is as follows: The first section explains attribution theory and its relationship with satisfaction. The next section discusses the mechanism of attribution and forms the hypothesis to be discussed in the third section. The fourth section explains our methods, and we present results in the fifth section. Finally, we discuss the study's implications for current practice and future research.

1. Attribution Theory and Satisfaction

(1) What is Attribution Theory?

Attribution theory represents the psychological process whereby “people perceive to be the causes behind their own behavior, the behaviors of others, or the events they observe” (Bitner, 1990, p.70), which is called “attribution.” There are several perspectives concerning attribution theory (Toyama 2002, p.44)⁽⁶⁰⁾. Weiner's attribution theory focuses on attribution as the cause of a judgment of success and failure⁽⁶¹⁾, and considers the

⁽⁶⁰⁾ See Toyama (2002), p.44 for another attribution theory.

⁽⁶¹⁾ See Weiner (1974) about Attribution theory of success and failure.

theory particularly applicable to satisfaction research in the marketing field. We suggest two reasons why Weiner's attribution theory is applicable to satisfaction research. First, satisfaction is the judgment of whether the purchase of a product or service was a success. The second reason is that, in Weiner's attribution theory, attribution influences emotion (e.g., satisfaction, anger, pity and gratitude) (Weiner, 1985b, pp. 559-564, Toyama 2002, pp.44-45).

Weiner points out that attributions have three dimensions-locus, stability, and controllability. "Locus" refers to "the location of a cause, which is either within or outside of the actor" (Weiner, 2000, p. 4). In other words, it asks, "Who is responsible?" (Bitner, 1990, p. 70). Locus is internal if you take an English examination without studying and hold yourself responsible for performing badly on the exam. Conversely, it is external if you get a bad grade on an exam due to a scoring error. "Stability" refers to the duration of a cause, that is, the likelihood of the recurrence of the cause (Bitner, 1990, p. 70, Weiner, 2000, p. 4). In the English test example mentioned above, the decision to skip studying before the exam is likely to recur; stability is high in this case. In contrast, stability is low when someone who always gets good English grades performs poorly on an exam. "Controllability" refers to the probability of cause control, that is, whether the responsible person (or party) has control over the cause (Weiner, 1985b, p. 551; Bitner, 1990, p. 70). In the example above, the decision not to study before the exam is a controllable cause, but the failure to study due to illness is an uncontrollable cause.

The three dimensions (locus, stability, and controllability) are strongly related to each other. For example, "aptitude is internal, stable, and uncontrollable, whereas, luck, although also uncontrollable, is external to the actor and unstable" (Weiner 2000, p. 5). However, the combination of the three dimensions is different for everyone. Although the effort is internal, unstable, and controllable for the person who doesn't always study before an exam, the effort for the person who always studies for an exam is internal, stable and controllable.

Weiner's attribution theory is applied to the field of consumer satisfaction as follows: If you went to a restaurant

and its' service was slow, you would wonder why the service was slow before evaluating your satisfaction. If the cause of the service failure is a rush of customers due to the holiday seasons, you would deem the service failure unavoidable because a rush of customers is unstable and uncontrollable. However, if the restaurant were empty, you would be dissatisfied with the service failure, because it is stable and uncontrollable. The three dimensions in attribution theory are recognized as the criteria assessing consumer satisfaction.

In the next paragraph, we discuss an earlier study in which Weiner's attribution theory was applied to consumer satisfaction research.

(2) The Beginning of Consumer Satisfaction Research Using Attribution Theory

The impetus for the research of satisfaction using attribution theory began with Folkes (1984), who showed that attribution is almost certainly related to the three dimensions (locus, stability, and controllability). The author conducted a survey that asked the respondents to "think of the last time you went to a restaurant, ordered something, and did not like the taste of it." The subjects were then asked to "explain why you think the food or drink, did not taste good" (Folkes 1984, p. 400); the author found that 93 percent of respondents answered the reason could be attributed to the three dimensions. The most common reason (36%) for unpalatable food was external (i.e., the restaurant), and stable and controllable (e.g., the restaurant employee did not make an effort to serve the food hot). The next most common reason (31%) was external to subjects, unstable, and uncontrollable. The remaining 26% were persons uncontrolled reasons, including 21% internal (i.e., their problem), stable, and uncontrollable (e.g., I don't like spicy food.), and 5% internal, unstable, and uncontrollable reasons (Folkes 1984, p. 401).

Folkes (1984) showed the importance of the three dimensions in evaluating satisfaction, leading to the application of attribution theory in subsequent consumer satisfaction research. The literature broadly examines

the following three topics: (1) the relationship between the three dimensions and satisfaction, (2) the relationship between the three dimensions and after-purchase behavior, and (3) control over the three dimensions.

(3) The Study of the Relationship between the Three Dimensions and Satisfaction

First, we discuss studies on the relationship between the three dimensions and satisfaction (Tom et al., 1995; Tsiros et al., 2004; Specht et al., 2007; Huang, 2008).

Tom et al. (1995) analyzed the effect of waiting time on satisfaction in supermarkets. Consequently, the authors found that reduced waiting time can increase satisfaction, and when customers experience long waiting times that they perceive to be stable and controllable by the company, satisfaction tends to be low (Tom et al., 1995, pp. 24-25).

Tsiros et al. (2004) addressed how locus and stability influence satisfaction. Subjects were asked to assume that they were vice presidents of an electronics equipment manufacturer that is currently evaluating a distributor who is a partner of the company. The distributor's sales have been stable (no growth) and are expected to be stable for the next year. The subjects were asked to evaluate their satisfaction with the partner if its performance increased or decreased by 10% in the next year as a result of conditions related to locus and stability (Tsiros et al., 2004, pp. 479-480). When the cause of increased performance is perceived to be internal (caused by the partner) and stable, satisfaction with the partner is higher than if the cause is perceived to be external to the partner and stable. When the cause is perceived to be unstable, there is little difference in satisfaction with the partner, regardless of whether the cause is perceived to be internal or not (Tsiros et al., 2004, pp. 480-481).

Specht et al. (2007) focused on effort and ability, including three dimensions, unlike Tom et al. (1995) and Tsiros et al. (2004), who focused on the three dimensions itself. Specht et al. (2007) verified the influence of employee effort and ability on satisfaction in the service industry. The authors showed that perceived effort and ability have

a positive impact on satisfaction, and that perceived effort has a stronger impact on satisfaction than perceived ability does. Additionally, when perceived effort is high, satisfaction increases even if perceived ability is low (Specht et al., 2007, pp. 541-542).

Similar to Specht et al. (2007), Huang (2008) confirmed the effect of effort on satisfaction within the service industry. Huang (2008) demonstrated that perceived effort has a positive impact on satisfaction when service failure is due to other customers (e.g., a customer's child starts crying in a restaurant, causing inconvenience to others) (p. 529).

(4) Study of the Relationship between the Three Dimensions and After-Purchase Behavior

Folkes, et al. (1987), Swanson et al. (2001), and Swanson et al. (2011) examined consumer behaviors after evaluating satisfaction (e.g., repurchase intention, complaints).

Folkes et al. (1987) verified the effects of stability and controllability on repurchase intention and customer complaints in the case of airplane delay. The analysis showed that the higher the level of perceived controllability of the service failure (airplane delay), the greater the increase in complaints and decrease in repurchase intention. This confirms that if service failures are controllable, a customer get angry at the service provider, leading to complaints and decreased repurchase intention. Additionally, if the service failure is perceived to be stable, customers' anger at the service provider increases, leading to increased complaints and decreased repurchase intention (Folkes et al., 1987, pp. 537-538).

On the other hand, Swanson et al. (2001) hypothesized that service recovery, which refers to “the actions taken by an organization in response to a service failure ⁽⁶²⁾” (Zeithaml et al., 2013, p.180), is influenced by locus and

⁽⁶²⁾ Zeithaml et al. (2013) define a service failure as “service performance that falls below a customer's expectations in such a way that leads to customer dissatisfaction” (p. 180).

stability. The authors found that if a service recovery is perceived stable (e.g., the service recovery actions after a service failure might be implemented consistently [stable]), the evaluation of the service recovery, repurchase intention, and word-of-mouth are positively impacted. Additionally, the authors' analysis showed that a service recovery attributed to the employees (e.g., customers have heard that the airline's employees consistently [or inconsistently] take the initiative to address customer complaints) or the service provider (e.g., customers have heard that the airline consistently [or inconsistently] takes the initiative to address customer complaints) resulted in more favorable recovery evaluation and word-of-mouth than a service recovery attributed to the customer (e.g., customers consistently [or inconsistently] take the initiative to get their complaint addressed) (Swanson et al. 2001, p. 57, p. 62). This result was confirmed by Swanson et al. (2011).

(5) The Study of Control over the Three Dimensions

The research discussed so far focused on the effect of the three dimensions. However, some other studies focus on how the three dimensions can be controlled to increase satisfaction (Bitner 1990; Hess et al., 2003; Harris et al., 2006; Dabholkar, et al., 2012).

Bitner (1990) demonstrated that when individuals face a service failure, an external explanation of the service failure (that the failure was due to a cause outside of the company) is more likely to be viewed as uncontrollable than when the failure has an internal explanation (that the failure was caused by the company itself). In addition, when the cause is internal, individuals tend to believe that the company would repeat the mistake (in other words, stable). Therefore, the author confirmed that giving both compensation and an explanation that the service failure had an external cause is seen as uncontrollable, but providing only compensation leads individuals to believe that the failure was controllable. Moreover, the author found if individuals feel that the service provider's office is not well-organized or well-cleaned, individuals are likely to believe that the same failure could recur (Bitner 1990,

pp. 76-79).

By focusing on stability and controllability, as Bitner (1990) did, Hess et al. (2003) showed that increasing individuals' expectations of relationship continuity with a service provider decreased the perceived stability of a service failure. In other words, the higher the individual's expectation of a continuing relationship, the more likely the individual is to believe that the service provider would not repeat the mistake again, although the expectation of a continuing relationship does not decrease perception of the controllability of the service failure. Additionally, the authors confirmed that individuals' expectations of relationship continuity increased with the number of past encounters with the service provider and the quality of past service performance (Hess et al., 2003, pp. 137-138).

Harris et al. (2006) assumed that service providers could control locus and confirmed that in the case of transaction failures online, individuals take responsibility for the failure themselves, but if the failure occurs during an offline transaction, individuals attributed the failure to the service provider (pp. 455-456). In this way, Harris et al. (2006) showed that transactions that do not involve employees enable service providers to control locus. Additionally, Dabholkar et al. (2012) studied the use of technology-based self-services (TBSS) (e.g., automated teller machine) and showed that the more environment around TBSS can reduce customer anxiety (e.g., with a phone handy to call for assistance), the less likely customers are to blame the service provider for a TBSS-related failure (p. 1420, p. 1423).

Table 5-1 below shows a summary of the consumer satisfaction studies using attribution theory discussed above.

Table 5-1: Satisfaction Research using Attribution Theory

Researcher	Intended Products and Services	Research Content	Intended the three dimensions	Study Type
Folkes et al. (1987)	Flight Service	<p>How stability and controllability influence after purchase behavior (repurchase intention and complaint).</p> <p><Result></p> <ul style="list-style-type: none"> • The higher the controllability of a service failure, the higher the level of complaint and the lower the repurchase intent. • The higher the perceived stability of a service failure, the lower the repurchase intent. • Controllability and stability of a service failure increases anger with a service provider. 	Stability Controllability	B
Bitner (1990)	Travel Agency	<p>How can firms control stability and controllability by service recovery.</p> <p><Result></p> <ul style="list-style-type: none"> • External explanation, compensation and organized or cleaned office is useful for controlling stability and controllability. 	Stability Controllability	C
Tom et al. (1995)	Supermarket	<p>What kind of relationship exists between waiting time, the three dimensions and satisfaction.</p> <p><Result></p> <ul style="list-style-type: none"> • Satisfaction is increased when waiting time is shorter than expected and perceived to be stable and controllable. • Satisfaction is decreased when waiting time is longer than expected and perceived to be stable and controllable. 	Stability Controllability	A
Swanson et al. (2001)	Flight Service Cable Television Credit Card	<p>What kind of relationship exists between the three dimensions and a service recovery, and how the relationship influences after purchase behavior (repurchase intention and word-of-mouth).</p> <p><Result></p> <ul style="list-style-type: none"> • The higher the perceived stability of a service recovery, the higher the perceived quality, repurchase intent and word-of-mouth. • When service recovery is attributed to an employee, the perceived quality of the recovery and positive word-of-mouth is increased. 	Locus Stability	B

Hess et al. (2003)	Restaurant	<p>What kind of relationship exists between continuity and the three dimensions.</p> <p><Result></p> <ul style="list-style-type: none"> • The higher the relationship continuity, the lower the stability. • There is no relationship between continuity and controllability. • Relationship continuity is increased by enhancing the number of encounters and by past service performance. 	Stability Controllability	C
Tsiros et al. (2004)	Distributor	<p>What kind of relationship exists between the three dimensions and satisfaction in B to B setting.</p> <p><Result></p> <ul style="list-style-type: none"> • Satisfaction with a partner is higher if the partner's good performance is attributed to the partner and is perceived to be stable. • Satisfaction with a partner is lower if the partner's poor performance is attributed to the partner and is perceived to be stable. 	Locus Stability	A
Harris et al. (2006)	Financial Service Flight Service	<p>How online versus offline interactions impact the locus of responsibility.</p> <p><Result></p> <ul style="list-style-type: none"> • A customer who conducts a transaction online has a greater tendency to blame themselves for a service failure than a customer who conducts a transaction offline. 	Locus	C
Specht et al. (2007)	The Whole Service Sector	<p>How employee effort and ability influence satisfaction.</p> <p><Result></p> <ul style="list-style-type: none"> • Employee effort and ability have a positive impact on satisfaction when service is either better or worse than expected. 	Locus Stability Controllability	A

Huang (2008)	The Whole Service Sector	<p>How a service failure due to other customers influences the locus of responsibility.</p> <p><Result></p> <ul style="list-style-type: none"> • The greater the perceived controllability of a service failure due to other customers, the more the service failure becomes the service provider's responsibility. • Employee effort has positive impact on satisfaction. 	Locus Stability Controllability	A
Swanson et al. (2011)	Accommodation Transit Agency Restaurant	<p>What kind of relationship exists between the three dimensions and a service recovery, and how the relationship influences after purchase behavior (repurchase intention and word-of-mouth).</p> <p><Result></p> <ul style="list-style-type: none"> • Positive word-of-mouth from a customer is most likely when service recovery is attributed to the service provider, followed by employees and the customer. 	Locus	B
Dabholkar et al. (2012)	Job Offer	<p>How a transactional methods without involving (technology-based self-services; TBSS) employees influence the locus of the responsibility for a service failure.</p> <p><Result></p> <ul style="list-style-type: none"> • The firm's responsibility for a TBSS-related service failure becomes low through immediate recovery after the TBSS-related service failure, and through a low anxiety environment around TBSS. 	Locus	C

Note: (1) Study type A: Study of the Relationship between the Three Dimensions and Satisfaction.

B: Study of the Relationship between the Three Dimensions and After Purchase Behavior.

C: Study of Control over the Three Dimensions.

(2) This table includes only the main results of study.

As discussed above, prior research has shown: (1) there is a relationship between the three dimensions and satisfaction, (2) there is a relationship between the three dimensions and after-purchase behavior, and (3) the three dimensions can be controlled. In short, service providers have the ability to improve consumer satisfaction by controlling the three dimensions. To do so, however, it is necessary to understand the mechanism through which

attribution occurs.

2. Mechanism of Attribution

Weiner (1985a) pointed out, “negative and unexpected outcomes appear especially to promote attributional thinking” (p. 77). However, this does not explain why attribution occurs, because individuals sometimes end up being dissatisfied after a disappointing result. In this way, the negative and unexpected outcomes do not necessarily lead to attributional thinking. What are the causes of attribution?

Prior research has shown that an employee’s efforts, which is composed of all three dimensions (Locus, Stability and Controllability), can have a positive impact on satisfaction (Specht et al., 2007; Huang, 2008). Self-affirmation theory provides insight into the impact of effort on attribution.

Self-affirmation theory assumes that we see ourselves as good, honest people. If our self-image is threatened, we will distort our perception of the information that is causing this threat to protect the image we have of ourselves (Steele 1988, p. 262; Cooper 2007, pp. 90-91).

In a related study, Cialdini et al. (1976) studied the conditions that are most likely to motivate charitable donations. Researchers posing as solicitors visited subjects in their homes, telling the subjects that they were collecting money for the American Cancer Society. The researchers followed that initial information with one of following four sentences:

(a) Control condition:

“We’ve already received some contributions. I wonder if you would be willing to help by giving a donation.”

(b) Even-a-penny condition:

“We’ve already received some contributions. Even a penny will help.”

(c) Even-a-dollar condition:

“We’ve already received some contributions. Even a dollar will help.”

(d) Social legitimization condition:

“We’ve already received some contributions, ranging from a penny on up. I wonder if you would be willing to help by giving a donation.”

Subjects in the social legitimization condition were the most motivated to make donations (64.5%), followed by those in the even-a-penny group (58.1%), the even-a-dollar group (46.7%), and the control condition (32.2%) (Cialdini et al., 1976, pp. 601-602).

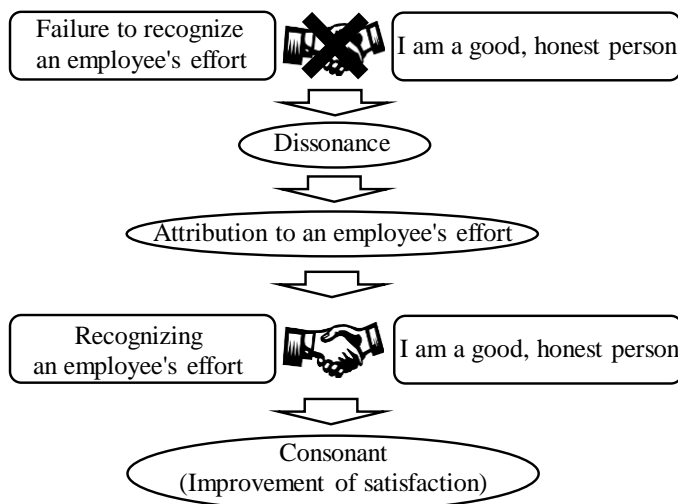
The explanation is that a decision not to make a donation is contrary to the subject’s self-image of a good, honest person. For example, in the social legitimization group, the researcher said, “We’ve already received some contributions, ranging from a penny on up.” Hearing that, subjects are likely to think, “If I do not donate even-a-penny despite of that others donated a penny on up, everyone will think of me as a stingy person.” In the even-a-penny group, the researchers said, “Even a penny will help.” Hearing that, subjects are likely to think, “If I do not donate even a penny, everyone will think of me as a stingy person.” The subjects thus donate positively to sustain their good and honest image of themselves.

Therefore, an employee’s effort plays a role in attribution and enhances satisfaction because the failure to recognize an employee’s effort positively affects the individual’s self-image of a good, honest person, and the employee’s effort is recognized and satisfaction is enhanced to maintain their good and honest self-image. Explained from the perspective of the three dimensions, if the person felt that an employee makes substantive efforts to address service failure (uncontrollable: an employee has limited ability to manage service failure) and that the addressing of the employee cannot enjoy any other way (unstable), the employee efforts to resolve the

problem do not lead to dissatisfaction.

This psychological process can be explained by cognitive dissonance theory. When cognitions are contrary, dissonance occurs, and to reduce dissonance, a component of cognition is changed. Given the relationship between employee's efforts, attribution, and satisfaction based on cognitive dissonance theory, the failure to recognize an employee's efforts positively and the individual's self-image of a good, honest person correspond to cognitions in this theory. The two cognitions are contrary to each other because the failure to recognize a person who worked hard is contrary to the self-image that "I am a good, honest person," and dissonance occurs. To reduce dissonance, individuals subconsciously try to recognize an employee's effort to increase satisfaction. Dissonance is reduced by attributing effort to the employee. Figure 5-1 shows the relationship between attribution and dissonance.

Figure 5-1: Relationship between Attribution and Dissonance



Individuals' recognition of an employee's effort creates dissonance and satisfaction is the result of reducing dissonance. Therefore, the awareness of the difficulties that employees have experienced during the product

development process should lead to satisfaction with the product, even if the product does not meet expectations.

The next section reinforces this assumption with an example that applies the effort spent in product development to marketing communication.

3. Effect of Effort and Hypothesis Formulation

The Voices of a Distant Star (Japanese original title: Hoshi no Koe), which is a Japanese short animation film directed by Makoto Shinkai (run time: 25 minutes) is used to apply the effort spent in product development to marketing communication.

This film portrays long-distance love between a girl who has gone to space[in Japanese, Uchuu(宇宙)] and a boy who is waiting for the girl's return on earth[in Japanese, Chikyuu(地球)]. The girl and the boy assure their mutual love by exchanging e-mail[in Japanese, Mēru(メール)] on the only communication means, “cellular phone” [in Japanese, Keitai Denwa(携帯電話) or Keitai(携帯)]. *The Voices of a Distant Star* is a self-produced work [in Japanese, Kojin(個人) Seisaku(制作 or 製作)]. This information is published on the official website of the animation and DVD package so that individuals have access to the information before watching the film. Individuals thus watch with the understanding that the film was self-produced. Self-production requires a substantial effort compared to a team effort. Therefore, when individuals evaluate the film, the evaluation considers the effort involved in a self-produced work.

To confirm this tendency, we analyzed customer reviews of *The Voices of a Distant Star* from Amazon.co.jp (n = 76, collected on July 6, 2013). Text mining for the analysis used KH Coder software. The result of the text mining is shown in Table 5-2 and Figure 5-2. Table 5-2 is a rank-ordered list of the number of occurrences of the extracted words in customers' reviews of *The Voices of a Distant Star*; and Figure 5-2 shows the relationship of the extracted words, or the co-occurrence network.

Table 5-2: The Number of Occurrences of Extracted Words

Rank	Extracted Words (Romanized Japanese words)	Meaning of words in English	The number of occurrences
1	作品 (Sakuhin)	Work <Example> This 'work' is fleeting and beautiful.	119
2	思う (Omou)	think <Example> It is a matter of preference whether you evaluate this or not/ I think I like this world.	99
3	見る (Miru)	see <example> I get to see a this film's trailer/ the work to be worth seeing.	74
4	時間 (Jikan)	Time	52
5	人 (Hito, jin, nin, ri)	This kanji character is used to mean 'person' in English and as a part of kanji constructing words (e.g. 個人 kojiri; personal, 1人 hitori; oneself).	51
6	作る (Tsukuru)	produce <Example> producing this film by oneself/ producing animations by oneself.	48
7	個人 (Kojiri)	This word is used to mean 'personal' of adjectives and 'privately' in English. <Example> personal work/ It is great to produce this film privately.	45
8	アニメ (Anime)	Animation	36
9	映像 (Eizou)	Projected image	35
9	評価 (Hyouka)	Evaluation <Example> I think this film would not get a good evaluation~/ The point of this work that should be evaluated~.	35

11	感じる (Kanjiru)	feel	34
12	宇宙 (Uchuu)	Space	31
12	良い (Yoi)	good <Example> good or bad of characters in this work/ This work is very good for producing by oneself.	31
14	メール (Mēru)	E-mail	29
14	1人 (Hitori)	oneself <Example> I can't say the phrase but "it is great" to produce this work by oneself/ It need to incredible energy to produce this work.	29
16	地球 (Chikyuu)	Earth	28
16	背景 (Haikei)	Background <Example> to watch background painted in this work/ I swept away by the beauty of the background.	28
18	ストーリー (Sutōri)	Story	27
19	距離 (Kyori)	Distance <Example> long distance relationship/ a sense of distance between two.	25
19	言う (Iu)	This word corresponds to the relative pronoun 'that' in English. <Example> had the impression that ~.	25

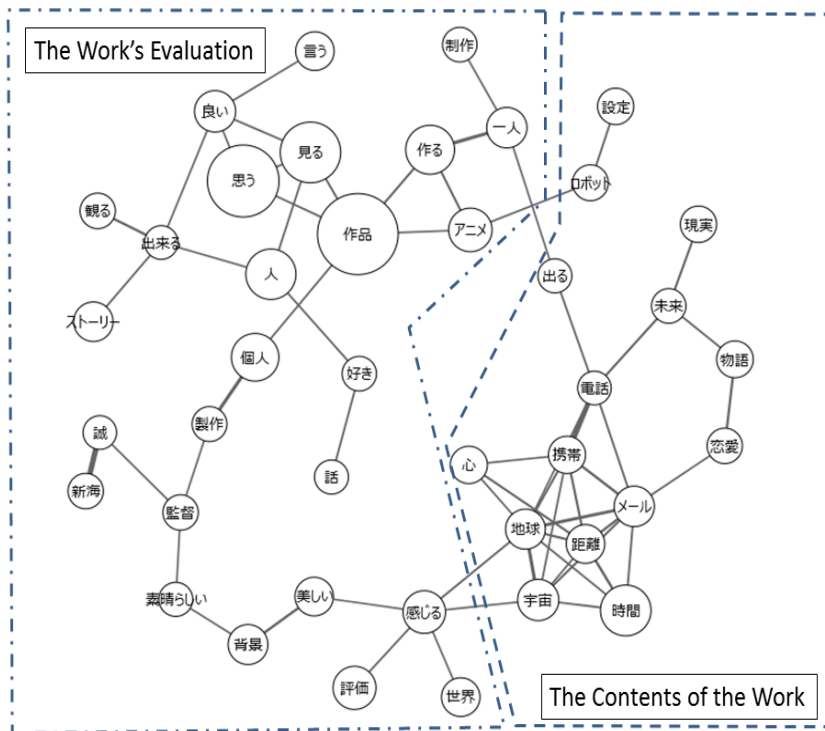
19	世界 (Sekai)	World <Example> I'm personally in love with this world view～	25
19	美しい (Utsukushii)	beautiful <Example> The back ground of this work is very beautiful.	25
23	携帯 (Keitai)	Keitai' is an abbreviation for 'Keitai Denwa'. This word means 'cellular phone' in English.	22
23	心 (Kokoro)	This kanji character is used to mean 'heart' in English and as a part of kanji constructing words (e.g. 恋心 koigokoro; one's love).	22
25	物語 (Monogatari)	Story	21
26	現実 (Genjitsu)	Reality	20
26	設定 (Settei)	Setup, Setting <Example> the story setting/ the setup of times	20
28	描く (Egaku)	portray <Example> portray a man and a woman~/ portray a broad story～	19
28	監督 (Kantoku)	Director	19
30	観る (Miru)	"観る (Miru)" and "見る (Miru)" are used interchangeably throughout the customer reviews.	18

30	新海 (Shinkai)	The director's last name	18
30	恋愛 (Renai)	Love, Romance	18
33	製作 (Seisaku)	Production <Example> Personal Production	18
34	好き (Suki)	like, love	17
34	高い (Takai)	high <Example> The completion of this work is high/ This work is high quality.	16
34	自分 (Jibun)	This word is used as the word referring to the film's characters or reviewers.	16
34	制作 (Seisaku)	"制作 (Seisaku)" and "製作 (Seisaku)" are used interchangeably throughout the customer reviews.	16
34	未来 (Mirai)	Future	16
39	出る (Deru)	This word means that something (e.g. tears, characters) appears.	15
39	素晴らしい (Subarashii)	remarkable, marvelous, great	15
39	話 (Hanashi)	Story	15

42	感じ (Kanji)	feel	14
42	感動 (Kandou)	impression, impress	14
42	出来る (Dekiru)	This word corresponds to the auxiliary verb 'can' in English.	14
42	誠 (Makoto)	The director's first name	14
42	電話 (Denwa)	phone	14
42	猫 (Neko)	cat	14

Note: “Example” provides a part of the review sentence for *The Voices of a Distant Star* (Japanese original title: *Hoshi no Koe*) on Amazon.co.jp.

Figure 5-2: Co-occurrence Network



Note: (1) For the meaning of each term, see Table 2.
(2) The size of the circle indicates the number of occurrences.

In Table 5-2, there are words related to self-produced work [in Japanese, Kojin(個人) Seisaku(制作 or 製作)], which is “個人(Kojin; in English, personal, privately)” and “1人(Hitori; in English, oneself, one)”, in high-order items. In Figure 5-2, the left portion indicates the network associated with the work’s evaluation because the network is constructed around the words indicating one’s thought [思う(Omou; in English, think), 感じる(Kanjiru; in English, feel), 良い(Yoi; in English, good), 美しい(Utsukushii; in English, beautiful), 好き(Suki; in English, like, love), and 素晴らしい(Subarashii; in English, remarkable, marvelous, great)]. The right portion indicates the network associated with the contents of the work because the network is constructed around the words indicating the film’s story [e.g., 宇宙(Uchuu; in English, space), メール(Mêru; in English, e-mail), 地球(Chikyuu; in English, earth), and 携帯(Keitai; in English, cellular phone)]. At the left portion of Figure 5-2 (The Work’s Evaluation), “個人(Kojin; in English, personal, privately)” links to “製作(Seisaku; in English, produce, production)” and “作品(Sakuhin; in English, work)”, whereas “1人 (Hitori; in English, oneself, one)” links to “制作(Seisaku; in English, produce, production)”, “作る(Tsukuru; in English, produce)” and “作品(Sakuhin; in English, work)” through “作る(Tsukuru; in English, produce)”. Moreover, these words are used a lot in the work’s evaluation (see the circle size of these words in Figure 5-2), and the network of the work’s evaluation is composed of them centrally. In other words, individuals’ evaluations were influenced by the fact that the work[in Japanese, 作品(Sakuhin)] was produced [in Japanese, 製作(Seisaku), 制作(Seisaku) and 作る(Tsukuru)] by an individual [in Japanese, 個人(Kojin) and 1人(Hitori)], so that customer reviews on Amazon.co.jp are as high as four out of five stars (as of July 6, 2013) in spite of a self-produced work.

As showed in the analytical result above, communicating a story about the difficulties that employees have experienced during the product development process could lead to satisfaction with the product. Considering what we discussed and analyzed above, we can form hypothesis as follow:

H: Satisfaction with a product increases if a story concerning the difficulties experienced during product development are communicated through advertising even after the individual has experienced disappointing in a product⁽⁶³⁾.

4. Methods

(1) Experimental Procedure

To test the hypothesis, the requirements were as follows:

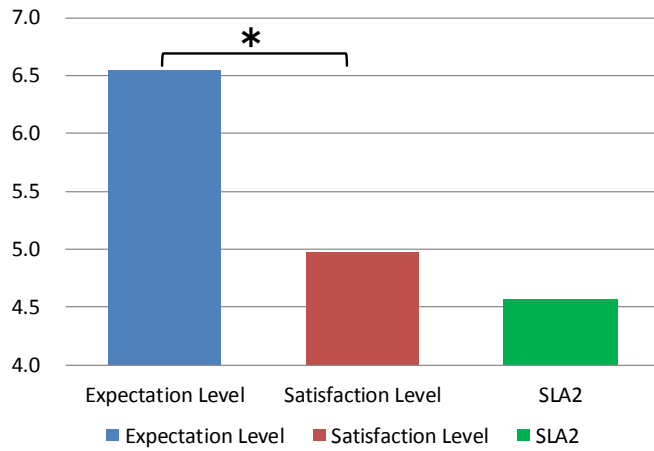
- (a) A product communicated by advertising
- (b) Advertising for the product that can cause disappointment
- (c) Advertising for the product that communicates a story of the difficulties experienced during product development

Description of the product (a). To test the hypothesis, we employed the short animated film “Animation 2” used in the experiment in Chapter 4, which was selected from a survey of 10 short animated films. We selected from YouTube and niconico and received the lowest scores [$M = 4.57$ (measured on a 10-point overall satisfaction rating scale), $SD = 2.05$]. This product was employed for the experiment to remove a bias through which high awareness and affinity would influence the assessment of satisfaction and create subjects disappointing for a product. Animation 2 was evaluated under the condition that no information about the film was provided; therefore, subjects evaluated purely based on the film’s performance without the influence of other factors.

⁽⁶³⁾ This effort differs from the effort discussed in Chapter 4. The effort discussed in Chapter 4 is experienced by oneself. In contrast, this effort is experienced by others.

Next, we considered the advertisement (b). To test our hypothesis, we created the situation in which a person felt disappointed with a product. Only the product which can trigger disappointment is not enough to make the situation. Additionally, advertising that triggers disappointment is required. We employed noncelebrity endorsement advertising used in Chapter 4 (see Figure 4-4 in Chapter 4) to show empirically that noncelebrity endorsement advertising can cause disappointment. In the analytical results in Chapter 4, the mean expectation level for Animation 2 in the group that saw the noncelebrity endorsement advertising was 6.55 (SD = 2.23). This expectation level was higher than the satisfaction level for Animation 2 (Animation 2's satisfaction was measured under the condition that subjects evaluated based purely on Animation 2's performance without the influence of other factors), and the group who saw the noncelebrity endorsement advertising evaluated for Animation 2 as being worth than expected. The mean of the score was 4.97 (SD = 2.23), which was lower than the mean of the score of expectation level (M = 6.55). Figure 5-3 summarizes the analytical results of the group who saw the noncelebrity endorsement advertising implemented in Chapter 4. Therefore, we employed noncelebrity endorsement advertising used in the experiment in Chapter 4.

Figure 5-3: The Analytical Results for the Group Who Saw Noncelebrity Endorsement Advertising



Notes: (1) ** $p < .01$, * $p < .05$

(2) SLA2: Satisfaction level for Animation 2; which was measured under the condition that subjects evaluated based purely on Animation 2's performance without the influence of other factors.

We explain other advertising (c). To test our hypothesis, we prepared advertising that conveyed the difficulties (effort) experienced during product development. We created 10 types of advertising, which described a story about the difficulties experienced by the producer of Animation 2 (a fictitious character) during the filmmaking process (see the Appendix for the content of each type of advertising). Then, we conducted a survey of the 10 types of advertising (Advertising 1 to Advertising 10) and evaluated the degree to which the effort of the producer was felt using a 10-point rating scale. We surveyed approximately 100 subjects aged between 20 and 29 for each type of advertising. The survey was conducted using internet research (research firm: Mixi Research, Inc.) on April 30, 2014. Table 5-3 shows that Advertising 5 received the lowest scores ($M = 6.19, SD = 2.43$) of the 10 advertising types. Figure 5-4 shows the content of Advertising 5.

Table 5-3: Scores in Effort Felt for 10 advertising Types

	N	M	SD		N	M	SD
Advertising 1	97	6.10	2.54	Advertising 6	94	5.11	2.18
Advertising 2	94	5.61	2.46	Advertising 7	96	4.98	2.39
Advertising 3	95	6.07	2.20	Advertising 8	97	5.64	2.47
Advertising 4	98	5.99	2.59	Advertising 9	97	5.15	2.55
Advertising 5	91	6.19	2.43	Advertising 10	94	4.80	2.27

Notes: N = Frequency, M = Mean, SD = Standard deviation

Figure 5-4: Advertising 5

This film was made entirely by the producer, from scriptwriting to production.

This was the first time that I had produced animation and the process was difficult. To produce a second animated scene requires eight pictures drawn in the same way with no differences in the characters' faces or bodies. Incidentally, I had to draw eight pictures even if the scene had few movements because there are subtle changes to the characters' expressions or gestures.

This two-minute animated film required the production of 960 pictures. Actually, I drew many more but I would rather not state the real number.

I hope you enjoy the movie.

Notes: We used a Japanese version of the advertising in the experiment. This figure has been translated from Japanese into English.

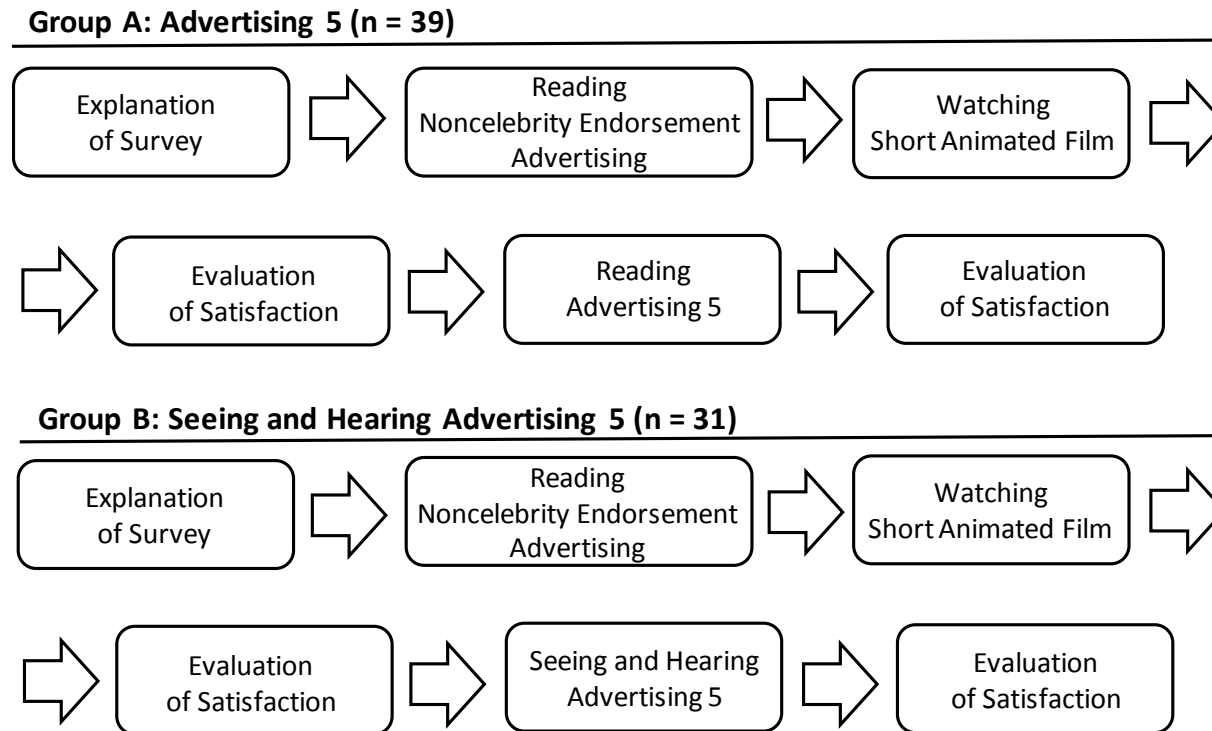
We conducted an experimental survey with college students using the three materials above, to collect the data to test our hypotheses. The subjects were divided into two groups. The first group read Advertising 5 in hard copy [henceforth “Group A” (n = 39)] and the second group saw and heard the content of Advertising 5 conveyed by the researcher [henceforth “Group B” (n = 31)]. The researcher in Group B memorized the content of Advertising 5. The subjects were categorized because the effect of attribution of effort on satisfaction suggested in the hypothesis differs depending on nonverbal communication.

Nonverbal communication was described as “communication other than verbal information, which includes facial expression, gaze, posture, gesture, and others” (Takagi 2006, p.26). For example, Birdwhistell (1970) argued that words alone convey less than 30% to 35% of the information that an individual is communicating (p.158). Sugitani (2008) demonstrated the argument of Birdwhistell (1970) empirically. Sugitani (2008) examined the difference in the degree of information communication between a message delivered via the internet and a message delivered via face-to-face communication. The subjects were a speaker and a listener. The speaker was asked to speak at a recommended lecture in a university, and the listener was asked to listen to the speaker. For the internet condition, the task was completed using internet chat. For the face-to-face condition, the task was completed in person. The subjects of the face-to-face communication considered that the message conveyed felt better understood through face-to-face communication than through the internet condition (Sugitani 2008, pp.63-66). Therefore, we divided subjects into Group A and Group B.

Group A's procedure was as follows: First, subjects received an explanation of the survey; second, the subjects read the noncelebrity endorsement advertising for Animation 2; third, the subjects watched Animation 2; fourth, the subjects evaluated their overall satisfaction with Animation 2; fifth, the subjects read Advertising 5, and sixth, the subjects reevaluated their overall satisfaction with Animation 2. Group B's procedure was the same as Group A's procedure, except that Group B saw and heard the content of Advertising 5 from researcher without reading Advertising 5.

Overall satisfaction measured at the fourth and sixth stages was rated on a 10-point scale. Figure 5-5 shows the survey procedures for Groups A and B.

Figure 5-5: Survey Procedures for Group A and Group B



Notes: (1) Satisfaction represents overall satisfaction, which was rated on a 10-point scale.

(2) Short animated film refers to Animation 2.

(3) Advertising 5 communicates the story of the difficulties that the producer experienced during filmmaking.

(2) Analytical Method

Student T-tests were used for the analyses. The alpha level was set at .05. The analytical software employed was IBM SPSS Statistics 21.

In the hypothesis analysis, we tested the following hypothesis:

- A. Satisfaction level with Animation 2, after reading or seeing and hearing Advertising 5, are higher than satisfaction level of Animation 2 after reading noncelebrity endorsement advertising⁽⁶⁴⁾.

We tested hypothesis A in the Group A and Group B conditions. Additionally, hereinafter we will refer to satisfaction after reading the noncelebrity endorsement advertising (satisfaction at the fourth stage in Figure 5-5) as Satisfaction 1, and satisfaction after reading or seeing and hearing Advertising 5 as Satisfaction 2.

The next section presents the results of the analyses.

5. Results

Table 5-4 and Figure 5-6 show the mean for each group Satisfaction 1 and the satisfaction level for Animation 2 for the group who saw the noncelebrity endorsement advertising in the Chapter 4 experiment (we will refer to this group as “Group C”). Each level was 5.00 in Group A, 4.70 in Group B, and 4.97 in Group C. The scores of Groups A and B are relatively close to the scores of Group C; therefore, Group A and B’s subjects felt disappointed as did Group C. Did Group A and B’s Satisfaction 1 increase after exposure to Advertising 5? We discuss the

⁽⁶⁴⁾ Ueda (2009) points out that a one-tailed test is better to use if we conduct the verification of the hypothesis that a is bigger than b ($a > b$), that a two-tailed test is better to use if we conduct the verification of the hypothesis that there is a difference between a and b ($a \neq b$) (p. 37). Therefore, hypothesis A uses a one-tailed test in this verification.

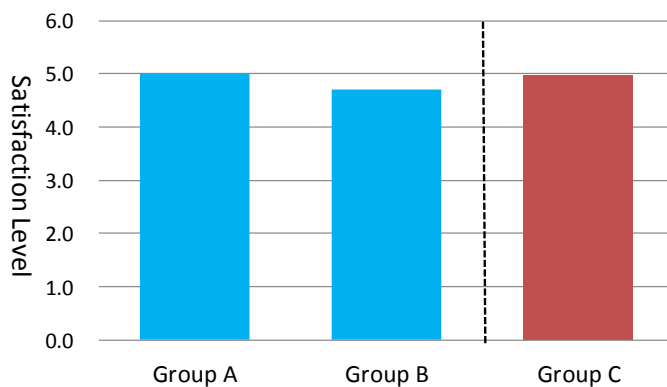
results of Group A's analysis.

Table 5-4: Mean of Each Group's Level of Satisfaction 1 (1)

	Satisfaction 1	
	M	SD
Group A	5.00	2.40
Group B	4.70	1.81
Group C	4.97	2.23

Notes: Group C represents the group who saw the noncelebrity endorsement advertising in the Chapter 4 experiment.

Figure 5-6: Mean of Each Group's Level of Satisfaction 1 (2)



Notes: Group C represents the group who saw the noncelebrity endorsement advertising in the Chapter 4 experiment.

Table 5-5 and Figure 5-7 show the results of Group A. The results show that the level of Satisfaction 2 was higher than the level of Satisfaction 1 (Satisfaction 1: M = 5.00, Satisfaction 2: M = 5.59). Additionally, there was a significant difference between Satisfaction 1 and Satisfaction 2. As suggested in our hypothesis, the subjects in Group A experienced satisfaction after reading the story of the difficulties of the producer of Animation 2 during

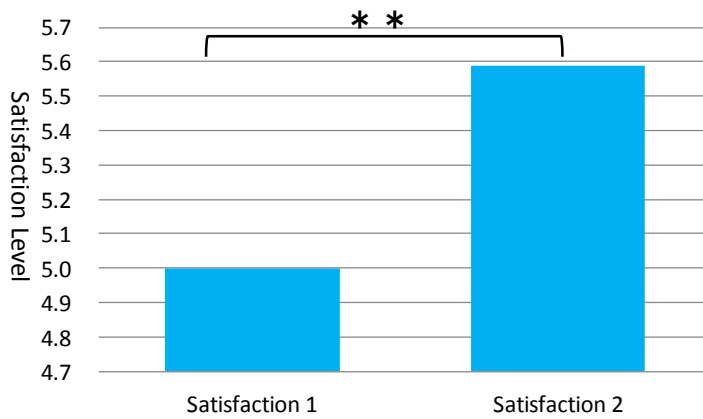
the filmmaking even after they felt disappointment with Animation 2.

Table 5-5: Comparison of Satisfaction 1 and Satisfaction 2 in Group A (1)

	Satisfaction 1		Satisfaction 2		P-value
	M	SD	M	SD	
Group A	5.00	2.40	5.59	2.20	.00**

Notes: ** $p < .01$, * $p < .05$.

Figure 5-7: Comparison of Satisfaction 1 and Satisfaction 2 in Group A (2)



Notes: ** $p < .01$, * $p < .05$.

Table 5-6 and Figure 5-8 show the results of the Group B analysis. These results showed that the level of Satisfaction 2 was higher than the level of Satisfaction 1 (Satisfaction 1: $M = 4.70$, Satisfaction 2: $M = 6.03$), and there was a significant difference between Satisfaction 1 and Satisfaction 2. Additionally, the difference between Satisfaction 1 and Satisfaction 2 in Group B was greater than the difference in Group A. Therefore, this result indicates that conveying the content of Advertising 5 with nonverbal communication is more effective than conveying the content of Advertising 5 only using character information. In the seeing and hearing condition (Group B), subjects saw the researcher's expression, gaze, and gestures during the explanation of Advertising 5.

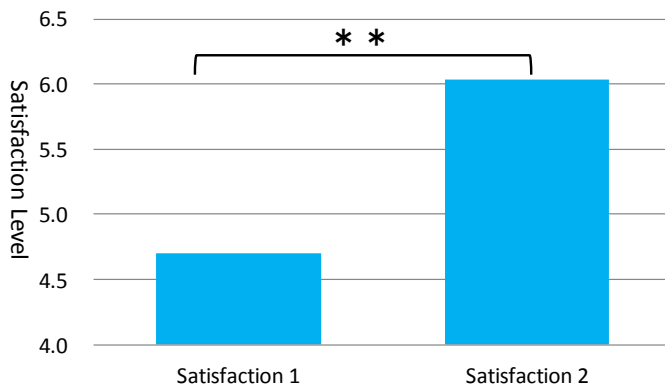
We believe that this visual information reinforced the effect of Advertising 5.

Table 5-6: Comparison of Satisfaction 1 and Satisfaction 2 in Group B (1)

	Satisfaction 1		Satisfaction 2		P-value
	M	SD	M	SD	
Group B	4.70	1.81	6.03	2.01	.00**

Notes: ** $p < .01$, * $p < .05$.

Figure 5-8: Comparison of Satisfaction 1 and Satisfaction 2 in Group B (2)



Notes: ** $p < .01$, * $p < .05$.

The analytical results show that our hypothesis is supported. Our analyses show that advertising that communicates a story of the difficulties experienced by employees during product development can trigger dissonance and attribution, and the advertising can lead to satisfaction. Moreover, we confirmed that conveying the story with nonverbal communication was more effective in increasing the satisfaction effect than conveying the story only using character information. Table 5-7 and Figure 5-9 show the summary of our analytical results.

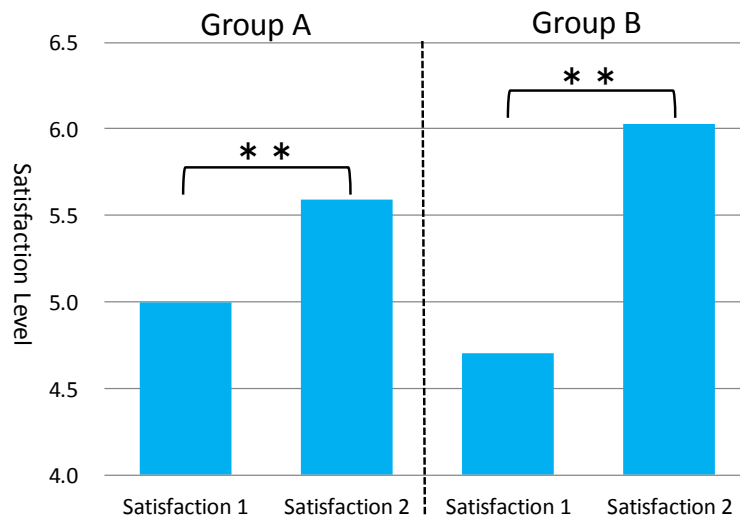
We discuss the implications derived from our analytical results in the next section.

Table5-7: Summary of the Analytical Results for Group A and Group B

	Satisfaction 1		Satisfaction 2		P-value
	M	SD	M	SD	
Group A	5.00	2.40	5.59	2.20	.00**
Group B	4.70	1.81	6.03	2.01	.00**

Notes: ** p < .01, * p < .05.

Figure 5-9: Summary of the Analytical Results for Group A and Group B



Notes: ** p < .01, * p < .05.

6. Implication

First, we discuss the implications with respect to academic aspects. Previous researches on attribution with respect to satisfaction focused on controlling three dimensions (locus, stability, and controllability) through direct contact between a product or service and consumers. For example, Bitner (1990) showed that an external explanation of service failure (that the failure caused by factors external to the company) had the effect of increasing customers' understanding that the service failure was uncontrollable by the company; therefore, dissatisfaction decreased. Similarly, direct contact between employees and consumers was a focus of Specht et

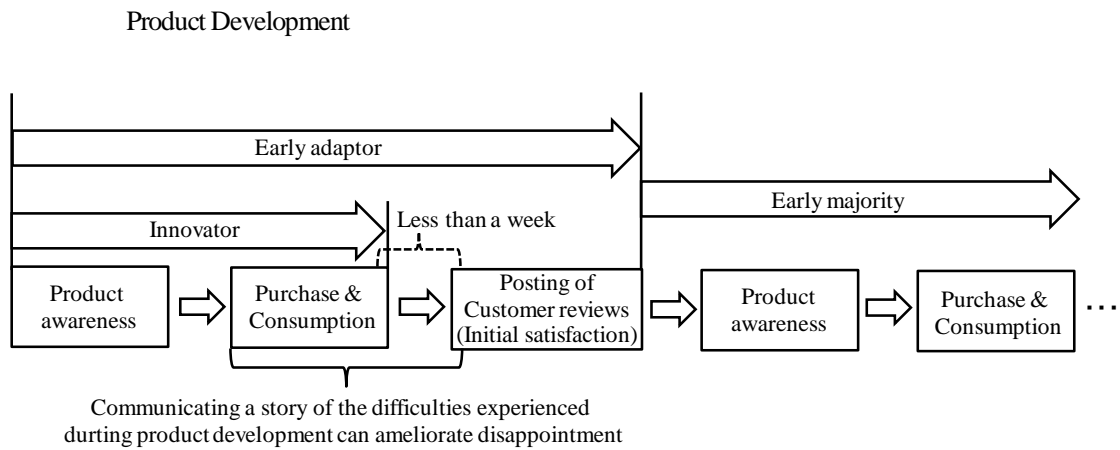
al. (2007) and Huang (2008). Additionally, Harris et al. (2006) and Dabholkar, et al. (2012) focused on controlling the three dimensions through direct contact between a transaction medium, which firms provide for consumers. In contrast, our analyses focused on controlling the three dimensions through indirect contact between a product or service's advertising and consumers. Concretely, we showed that by communicating the extent of employee effort (effort is composed of all three dimensions) through advertising, individuals understand that the effort devoted to product development is sufficient (uncontrollable: the employees cannot devote effort to product development any more than this) and the effort is not something simple that anyone can do (unstable); therefore, satisfaction increases. Attribution occurs because dissonance results from denying others' efforts and damages the self-image that reflects "I am a good, honest person."

Second, we discussed the practical implications. Our analytical results showed that advertising that communicates a story of the difficulties experienced during product development have the effect of ameliorating individual's disappointment in a product. Additionally, our analyses showed that conveying the story from researcher was more effective in increasing the effect than conveying the story only using character information because the case conveying from researcher includes visual information (the researcher's expression, gaze, and gesture). We believe, therefore, that it is advantageous to convey a story of the difficulties experienced during product development using visual information (e.g., video). Movies starring Jackie Chan are an example of conveying the difficulties experienced during product development using visual information. Jackie Chan's movies are aired the making of action scenes in his movies that risked his life on the credit roll (e.g., *Police Story*, *Project A*). Therefore, even if individuals felt disappointment after watching the movie, that disappointment was ameliorated by watching the making of action scenes aired on the credit roll. Hence, we call the effect of being ameliorated disappointment by learning of the difficulties experienced during product development "Jackie effect." If individuals purchase a product in a state of high expectation, there may be disappointment. To prevent

this, it is advantageous to convey a story of the difficulties experienced during product development as visual information on the TV or the internet.

Chapters 1 and 2 discussed customer reviews and their increasing importance for consumers when purchasing a product in modern times. The posting interval of customer reviews is less than one week after purchase and consumption; therefore, evaluation of customer reviews are on the basis of satisfaction resulted after purchasing and consuming a product or a service for the first time, which we called initial satisfaction. For these backgrounds, the advertising that communicates a story of the difficulties experienced during product development can contribute to the portion indicated in Figure 5-10. All products have a story concerning the difficulties experienced during product development. Initial satisfaction can be increased without incurring high costs (using celebrity endorsement advertising) if the story is conveyed to individuals through advertising.

Figure 5-10: Contribution of Advertising that Communicates a Story of the Difficulties Experienced During



7. Summary and Conclusion

This chapter theoretically examines another advertising communication ways to improve initial satisfaction, which is described as satisfaction that occurs when an individual uses a product or a service for the first time,

using attribution theory. First, we discussed the relationship between attribution and satisfaction by reviewing prior research. We confirmed that research on consumer satisfaction using attribution theory can be categorized into three types: (1) study of the relationship between the three dimensions (locus, stability, and controllability) and satisfaction, (2) study of the relationship between the three dimensions and after-purchase behavior, and (3) study of control over the three dimensions. Moreover, we showed that consumer satisfaction could be improved by controlling the three dimensions.

Next, we discussed the mechanism of attribution based on self-affirmation theory and confirmed that attribution reduces dissonance when a person's self-image as good and honest is threatened by denying the efforts of another and dissonance occurs. Therefore, we assumed that the awareness of the difficulties experienced by employees during product development should lead to satisfaction with the product, even if it fails to meet expectations. To reinforce this assumption, we used text mining to confirm the effect of communicating a story of the difficulties experienced during product development by analyzing customer reviews of *The Voices of a Distant Star*, which is a Japanese short animation film directed by Makoto Shinkai and a self-produced work. We confirmed that individuals' evaluations of the film were influenced by the knowledge that the film was self-produced. From the results, we hypothesized as follows: Satisfaction with a product increases if a story about the difficulties during product development is communicated through advertising even after the person has experienced disappointment in the product.

Finally, we analyzed the hypothesis and confirm the following results:

- Advertising that communicates a story of the difficulties experienced by employees during product development can trigger dissonance and attribution. Therefore, the advertising can lead to satisfaction (we call this effect the "Jackie effect").

- The above effect is reinforced if the story is communicated using visual information.

The final chapter summarizes the discussion from Chapters 1 to 5, and discusses the role of advertising in modern times.

Final Chapter

Required Marketing in the Modern Times:

Advertising also Creates Satisfaction⁽⁶⁵⁾

1. Advertising that Creates Satisfaction

We showed the following six things from Chapter 1 through Chapter 5:

- (1) Customer reviews are of increasing importance to modern times when purchasing products (Chapter 1).
- (2) Customer reviews are evaluated based on the satisfaction that occurs when an individual uses a product for the first time, named initial satisfaction (Chapter 1).
- (3) Customer reviews influence financial performance (Chapter 2).
- (4) Improving product quality does not necessarily guarantee satisfaction (Chapter 3).
- (5) Advertising that creates a situation that requires us to deny our important person, for example, celebrity endorsement advertising has the effect of suppressing disappointment and increasing satisfaction (Chapter 3, 4).
- (6) Advertising which generates the situation that requires us to deny oneself, for example, advertising which communicates a story about the difficulties experienced during a product development, has the effect of ameliorating disappointment so that satisfaction increases (Chapter 5).

Increasing cumulative satisfaction or customer loyalty has been considered to be important in previous research

⁽⁶⁵⁾ This chapter is based on Ota (2015).

on consumer satisfaction. Although increasing cumulative satisfaction or customer loyalty retains its importance, consumer satisfaction changes. The appearance of customer reviews allows consumers to post positive or negative satisfaction experiences with purchased products or services. Additionally, evaluations of customer reviews are based on short-term satisfaction that occurs when a consumer uses a product or service for the first time, named initial satisfaction. Early adopters in Roger's innovation theory who have the role of opinion leader also post their initial satisfaction experiences with purchased new products or services to customer reviews, and their reviews influence followers who adopt those following them. Therefore, we argued the importance of increasing initial satisfaction in modern times. To increase this type of satisfaction, measures are required before consumers purchase a new product or service. Improving product quality is one method to manage initial satisfaction. Our survey results, however, showed that improving product quality does not necessarily guarantee satisfaction. For this reason, we focused on advertising to which consumers are exposed before purchasing a new product or service and examined methods for increasing initial satisfaction by advertising. As a result, we showed that celebrity endorsement advertising has the effect of suppressing disappointment and advertising that communicates a story of the difficulties experienced during product development had the effect of ameliorating disappointment (we call this effect the "Jackie Effect").

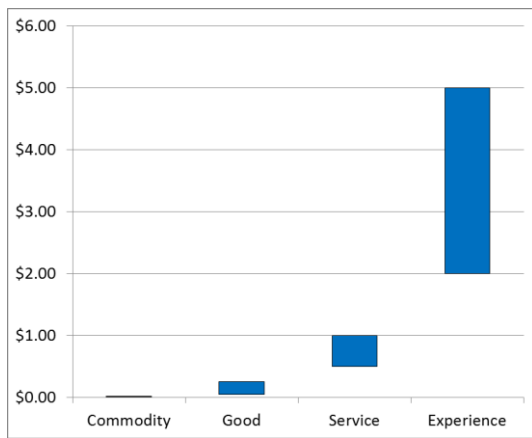
A level of satisfaction is not only formed by direct experience with a product or service but also advertising for a product or service communicated by a company. Japanese firms, however, tend to be committed to research and development expenditure instead of advertising expenditure. Furukawa (2013) found that compared to American firms, Japanese firms place a heavy emphasis on research and development expenditure in proportion to advertising expenditure. Advertisings undertake the role of raising satisfaction as well as increasing awareness, purchase intention. As mentioned earlier, modern times require us to raise satisfaction before purchasing by measures including advertisings, as well as the direct experience of a product or a service. In other words, we

need to increase satisfaction by creating value through advertisements, as well as direct experience with a product or service. The practice of experiential marketing can be used to execute what we mentioned above.

2. Potential of Experiential Marketing in the Modern Times

Schmitt (1999) first suggested the term experiential marketing. Pine et al. (1999) simultaneously advocated the importance of experiences in creating differentiation to deal with increasing commoditization. Pine, et al. (1999) described experiences by comparing a commodity, a good, and a service and using coffee as an example. First, coffee beans are harvested and sold by a farm to a manufacturer as a commodity. At this stage, a price of the coffee beans is 1 dollar per pound, which is 1–2 cents per cup of coffee. Second, the manufacturer processes, packages, and sells to a grocery store. The packaged coffee beans are a good. At this stage, the price of the packaged coffee beans is 5–25 cents per cup of coffee, and if a cup of coffee is brewed using the packaged coffee and sold in a run-of-the-mill diner or corner café, the price is 50 cents - 1 dollar per cup of coffee. This is a service. Moreover, if the same coffee is brewed and sold in a five-star restaurant or espresso bar, a price is 2–5 dollars per cup of coffee because individuals feel that they are in a theatre (e.g., soaking in the fancy ambiance of the five star restaurant) (Pine et al., 1999, p.1). This is the experience (Figure F-1).

Figure F-1: Price of Coffee Offerings



(Source) Pine et al. (1999), p.2.

Then, Pine, et al. (1999) suggested that applying the concept of drama to business was useful to create an experience, such as portraying people (employees) as the casts, responsibilities as roles, representations as characterization, the organization as the ensemble, and the work place as the stage (pp.140-142), using Disney (Disney Land Resort and Club Disney), British Airways, and the Rainforest café as examples. Therefore, the focus of Pine et al. (1999) is on the process of consumption in producing experiences. Schmitt (1999) expands the focus from pre-purchase to post-purchase (consumption).

Schmitt (1999) claimed that “experiences occur as a result of encountering, undergoing, or living through situations. They are triggered stimulations to the sense, the heart, and the mind” (Schmitt, 1999, pp.25-26) and the stimulations are provided by marketing efforts before and after purchase (communications, visual/verbal identity and signage, product presence, co-branding, web sites and electronic media, spatial environments, and people) (Schmitt, 1999, p.60, p.73). Moreover, the experiences produce satisfaction (Schmitt 2003, pp.13-15). Schmitt (1999) suggested strategic experiential modules (SEMs) to provide the stimulations thorough efficient marketing efforts. SEMs consisted of SENSE marketing, FEEL marketing, THINK marketing, ACT marketing, and RELATE marketing.

SENSE marketing “appeals to the senses with the objective of creating sensory experiences through sight, sound, touch, taste, and smell” (Schmitt, 1999, p.64).

FEEL marketing “appeals to customers’ inner feeling and emotions, with the objective of creating affective experiences that range from mildly positive moods linked to a brand (snip) to strong emotions of joy and pride (snip) (Schmitt, 1999, p.66).

THINK marketing “appeals to the intellect with the objective of creating cognitive, problem-solving experiences that engage customers creatively” (Schmitt, 1999, p.67). This marketing aims “to encourage customers to engage in elaborative and creative thinking that may result in a reevaluation of the company and products” (Schmitt, 1999, p.138).

ACT marketing “aims to affect bodily experiences, lifestyles, and interactions” (Schmitt, 1999, p.68).

RELATE marketing “contains aspects of SENSE, FEEL, THINK, and ACT marketing. However, RELATE marketing expands beyond the individual’s personal, private feeling, thus adding to “individual experiences” and relating the individual to his or her ideal self, other people, or cultures” (Schmitt, 1999, p.68).

The focus of experiential marketing ranges from acquiring new customers to maintaining regular customers. In other words, experiential marketing tries to increase initial satisfaction and cumulative satisfaction by providing the experiences through communication, visual/verbal identity, co-branding, spatial environments, people (employees) and so on.

The unique feature of experiential marketing is that the experiences can occur through marketing communications. For example, we confirmed that a celebrity endorsement advertisement presented before purchase had the effect of increasing satisfaction for individuals who loved the celebrity. This communication falls under FEEL marketing and RELATE marketing as defined Schmitt (1999), because an individual felt the affective experience “I experienced the same feeling of satisfaction with the celebrity I loved.” In short, the

advertising is applied the relationship of the individual with the celebrity (RELATE marketing) to produce the affective experience (FEEL marketing).

Additionally, we confirmed that advertising that a story of the difficulties experienced during product development and presented after consumption had the effect of ameliorating disappointment and increasing satisfaction for individuals. This communication represents FEEL and THINK marketing because if an individual is disappointed with a product but appreciates the difficulties experienced during product development after feeling disappointed, the individual may reconsider the evaluation of a product, for example, "I didn't think that they had this much trouble during a product development. That's amazing"(affective experience). This type of advertising incorporates the element of individual reconsideration (THINK marketing) to produce an affective experience (FEEL marketing).

Increasing initial satisfaction is important in modern times and, the concept of experiential marketing is useful in considering the measures to increase that satisfaction.

Finally, we discuss some limitations of this paper and future research.

3. Limitations and Future Research

This paper has limitations concerning the following: intended products, personality, and culture. First, we discuss the limitations concerning the intended product. The experiments in this paper used only one product as the intended product, the short animation film that is posted on YouTube and niconico. Future research should replicate these findings with other products.

Second, the experiments in this study did not consider differences in personality (e.g., whether a person likes animation, whether a person is highly critical, or whether a person is easily swayed by the opinions of others).

For example, the degree of self-esteem influences the occurrence of dissonance (Aronson et al. 1962; Holland et

al. 2002; Cooper 2007). Future research should conduct the same examinations contained in this paper for subjects who are categorized according to their level of self-esteem.

Finally, the experiments in this study did not consider cultural differences among countries. Recently, differences in the occurrence of dissonance according to cultural differences have been studied (Heine et al.1997; Kitayama et al.2004; Hoshino-Browne et al.2005). Cognitive dissonance research mainly included US subjects until 1990 (Hoshino-Browne 2012, p.129) because psychological phenomena including dissonance were considered common worldwide (Kitayama et al. 2004, p.527, Kitayama et al. 2008, p.17). For example, Kitayama et al. (2004) and Hoshino-Browne et al. (2005) found that dissonance occurred easily in individuals of Asian descent if others (e.g., friends) interposed and, in contrast, dissonance hardly occurred in Westerners if others interposed (Kitayama et al. 2004, pp.529-530; Hoshino-Browne et al. 2005, p.301). Therefore, celebrity endorsement advertising would suppress disappointment in individuals of Asian descent but not Westerners. Future research should conduct the same examinations contained in this paper for subjects from different countries.

Appendix

Advertising 1:

This film was made entirely by the producer, from scriptwriting to production.
I also composed and arranged the music myself.
This was the first time that I had produced animation and the process was difficult.
To produce a second animated scene requires eight pictures drawn in the same way with no differences in the characters faces or bodies.
Incidentally, I had to draw eight pictures even if the scene had few movements because there are subtle changes to the characters' expressions or gestures.

This two-minute animated film required the production of 960 pictures.
Actually, I drew many more but I would rather not state the real number.

I hope you enjoy the movie.

Notes: We used a Japanese version of this advertisement in the experiment. This figure has been translated from the Japanese version into English.

Advertising 2:

This film was made entirely by the producer, from scriptwriting to production.

I found the animation process difficult.
To produce a second animated scene requires eight pictures drawn in the same way with no differences in the characters faces or bodies.
I had to draw eight pictures even if the scene had few movements because there are subtle changes to the characters' expression or gestures.

This two-minute animated film required the production of 960 pictures.

I hope you enjoy the movie.

Notes: We used a Japanese version of this advertisement in the experiment. This figure has been translated from the Japanese version into English.

Advertising 3:

This film was made entirely by the producer, from script writing to production, and represents my first work. I also composed and arranged the music myself .

This was the first time that I had produced animation and the process was difficult. To produce a second animated scene requires eight pictures drawn in the same way with no differences in the characters faces or bodies, which is very difficult to do.

This two-minute animated film required the production of 960 pictures.

I hope you enjoy the movie.

Notes: We used a Japanese version of this advertisement in the experiment. This figure has been translated from the Japanese version into English.

Advertising 4:

This film was made entirely, from scriptwriting to production, and represents my first work. I also composed and arranged the music myself.

This was the first time that I had produced animation and the process was difficult. To produce a second animated scene requires eight pictures drawn in the same way with no differences in the characters faces or bodies.

Incidentally, I had to draw eight pictures even if the scene had few movements because there are subtle changes to the characters' expressions or gestures.

I hope you enjoy the movie.

Notes: We used a Japanese version of this advertisement in the experiment. This figure has been translated from the Japanese version into English.

Advertising 6:

This film was made entirely by the producer, from scriptwriting to production.

I had a lot of difficulty creating the animation.

Moving a character in one second requires a substantial amount of work.

However, I am sure you were impressed when the character that you drew moved.

This is a short, two-minute animated movie but I hope you enjoy it.

Notes: We used a Japanese version of this advertisement in the experiment. This figure has been translated from the Japanese version into English.

Advertising 7:

This film was made entirely by producer, from scriptwriting to production, and represents my first work.

I had a lot of difficulty creating the animation.

Moving a character in one second requires a substantial amount of work.

However, I am sure you were impressed when the character that you drew moved.

This is a short, two-minute animated movie but I hope you enjoy it.

Notes: We used a Japanese version of this advertisement in the experiment. This figure has been translated from the Japanese version into English.

Advertising 8:

This film was made entirely by the producer, from scriptwriting to production, and represents my first work. I also composed and arranged the music myself.

I had a lot of difficulty creating the animation.

Moving a character in one second requires a substantial amount of work.

However, I am sure you were impressed when the character that you drew moved.

This is a short, two-minute animated movie but I hope you enjoy it.

Notes: We used a Japanese version of this advertisement in the experiment. This figure has been translated from the Japanese version into English.

Advertising 9:

This film was made entirely by the producer.

I had a lot of difficulty creating the animation.

Moving a character in one second requires a substantial amount of work.

However, I am sure you were impressed when the character that you drew moved.

This is a short, two-minute animated movie but I hope you enjoy it.

Notes: We used a Japanese version of this advertisement in the experiment. This figure has been translated from the Japanese version into English.

Advertising 10:

I had a lot of difficulty creating the animation.

Moving a character in one second requires a substantial amount of work.

However, I am sure you were impressed when the character that you drew moved.

This is a short, two-minute animated movie but I hope you enjoy it.

Notes: We used a Japanese version of this advertisement in the experiment. This figure has been translated from the Japanese version into English.

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