A REVIEW OF THE ROLE OF SATISFACTION, QUALITY, AND VALUE ON FIRM PERFORMANCE

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ABSTRACT

Satisfaction, quality, and value as seen by the consumer ultimately results in market performance and financial outcomes for the firm. There has been a substantial body of research in this area and a review and synthesis of the literature is appropriate to conduct at this time. This overall process represents a series of complex relationships that is important to both to researchers and to managers. There are numerous linkages and relationships between the antecedents and consequences of satisfaction, quality, and value that cannot be easily viewed in research that addresses only a portion of this broad area. The article presents a literature review and conceptual model that seeks to comprehensively review the relationships between the many elements of this important area. The model presented can contribute to both the con-ceptual understanding and management of these marketing processes.

INTRODUCTION

This article presents a review of the literature that outlines the linkages between the antecedents and con-sequences of satisfaction, quality, value, and the results that they have on market performance and financial outcomes. A framework that describes this process is developed that is referred to as the service, quality, value, and performance (SQV-P) model. Much of the research in the areas of satisfaction, quality, and value has viewed each of these constructs independently rather than in terms of their complex interrelationships, antecedents, and outcomes. It has been suggested in the literature that an examination of these variables be made in combination (Mc-Dougall and Levesque 2000; Parasuraman 1997). There has also emerged in the literature a call to link marketing activities to firm performance outcomes, including such measures of sales, market share, return on investment, and firm value (Luo and Homburg 2007; Moorman and Rust 1999; O'Sullivan and Abela 2007; Phillips, Chang, and Buzzell 1983; Zeithaml 2000).

While the literature stream in the area is extensive, it has not been synthesized into a cohesive framework that ties together its many disparate elements. This article contributes to the literature by reviewing and synthesizing the literature and presenting it in a sum-mary fashion. Research syntheses make invaluable contributions to the literature by examining the relevant theories, resolving conflicts in the literature, and by identifying central issues for future research (Halvorsen 1994). Given the substantial level of research that has been conducted in the area, a review and synthesis of the literature can provide reference tool for researchers interested in this topic area. The review of the literature provides an overall picture of what has been done to date, and combines this into a model format so the reader can see the theoretical and empirical linkages. This synthesis can also be valuable to practitioners as the review captures the processes that managers encounter in the management of customer satisfaction. The reader can gain two primary insights from this review. First, the reader is given an overview of the recent literature in the field. Second, based on the synthesis, a structure is provided to the extant literature and future research directions are developed based on this framework.

REVIEW AND MODEL DEVELOPMENT

In order to structure the review and synthesis of the literature this review follows the SVQ-P Model as seen in Figure 1. The model is presented in two phases. The first phase represents the elements that occur at the *consumer* level. The second phase of the model represents the outcomes that occur at the *firm* level. Linkages that may not occur in the majority of situations are indicated by a dotted, rather than a solid, line. The first phase is centered on the development of satisfaction, quality, and value assess-ments by the consumer. The second phase is centered on the performance outcomes of the firm that ultimately lead to the creation of firm value.

There are three types of models that are used to model the management of services, these are customer behavior models that explain how customers react to service, service quality impact models that address the business consequences of service quality, and normative service models that prescribe how organizations should organize and manage their service (Rust and Metters 1996). Each of these model types are different in approach and are important to consider when reviewing the literature in a satisfaction related effort. Much of the satisfaction literature examines the reaction of consumers to their purchase experience (i.e., dis-confirmation), and an increasing emphasis has been placed on the business outcomes that occur. It also is important to note that an ultimate goal of the research in the area is based on improving the management of the satisfaction-performance process. In the present article each of these aspects are reflected in the model presented. In the SQV-P framework, Phase 1 represents a customer behavior model that ends with behavioral intention outcomes. Phase 2 of the framework represents a quality impact model that ends with direct measures of firm performance. Implicitly, the model also contains a normative element in that the structure of the model leads to how organizations should manage this process. Although there are areas in the model that require future research, it should be noted that propositions were not used as the article represents a literature review and the model that is developed is for the purpose of organizing the review of the literature similar to the approach used by Keller (1993).

Standards, Outcomes, and Convergence

The disconfirmation process is one of the earliest contributions to the satisfaction literature (Bearden and Teel 1983; Oliver 1980, 1981, 1989, 1993; Oliver and Bearden 1985; Swan and Trawick 1981). A consumer's expect-ations are confirmed when a product performs as expected, negatively disconfirmed when the product performs more poorly than expected, and positively disconfirmed when the product performs better that expected (Churchill and Surprenant 1982). Disconfirmed expect-ations cause the customer to approach a state of dissatisfaction, while the confirmation of expectations leads to satisfaction (Hennig-Thurau 2001). Expectations and perform-ance combine to form an objective disconfirmation level, which provides the basis for a subjective interpretation of the expectation-performance difference; and subjective disconfirmation is directly linked to satisfaction (Oliver 1997, p. 121). To be judged positively, a product or service must perform well on most dimensions, whereas to be judged negatively, poor performance on one or just a few dimensions is sufficient (Ofir and Simonson 2001).

In order for the consumer to evaluate an outcome, an initial standard must be developed that is used to measure the actual product or service outcome. By using terms such as desires and expectations the field of possible influencers is limited, even if just by name only. Different types of standards may yield different levels against which perceived experience is compared (Woodruff, Clemons, Schumann, Gardial, and Burns 1991). The literature is increasingly reporting research based on additional standards in the disconfirm-ation process. As an example, Spreng, MacKenzie, and Olshavsky (1996) incorporated additional standards to the disconfirmation process by adding desires as a standard in addition to expectations. Their work also includes attribute satisfaction and information satisfaction as outcomes of desires and expectations congruency. Several other standards have been proposed in the literature. These standards include expectations, equity, experience-based norms, desires/values, ideal, and promises (Woodruff et al. 1991). The model presented in this article incorporates multiple standards to the disconfirmation process including desires, expectations, equity, information, values, norms, ideals, promises, goals, and beliefs.

Attributes can be seen as the individual components of standards that influence consumer perceptions. Attrib-utes differ from standards in that standards define a given category of expectations or performance. Attributes are the individual components of that category. Categories remain constant across consumers and specific product evaluations, although not every category might be used in a given situation. Attributes by contrast can vary by con-sumer and situation. Each standard may have one or more attributes associated with it. We define a standard-related attribute as a component of a particular standard that is used to develop the initial level of perception. The standard-related attribute may apply to only one standard or it could apply to more than one. For example, low price might appear as an attribute for desires but does not exist as an attribute for expectation as the customer realistically does not expect the price to be low although they might wish it to be the case. Customer service is an example of a standard-related attribute that could be a component of desires and expectations (Bloemer, Kasper, and Lemmink 1990). Standard-related attrib-utes are formed from both intrinsic and extrinsic product attributes, including texture, quality, price, performance, service, and brand name (Sinha and DeSarbo 1998). Each of the standards and the attributes associated with them compared to the corresponding perform-ance outcomes may influence satisfaction and quality differently (Iacobucci, Ostrom, and Grayson 1995).

Attributes can also be delineated into categories or classifications, such as in the context of process versus outcome (Lai and Widdows 1993). These represent two distinct categories of attributes. Attributes related to service process are more important than attributes related to service outcome in the evaluation of service quality (Lai and Widdows 1993). Consumers' attribute utilities may differ depending on whether the service is evaluated in terms of satisfaction, value, or likelihood of purchase (Ostrom and Iacobucci 1995). Various attributes may not hold the same importance for all customers. An attribute's importance changes as the customer's relationship with a product or service matures (Mittal and Katrichis 2000). It has also been determined that attributes vary in importance based on the customer's length of association with the provider (Mittal and Katrichis 2000). Customers who have previous satisfying experiences with an organization tend to heavily weigh prior cumulative satisfaction, so a failure situation will not impact them as much as it will impact a new customer with no prior experience with the organization (Bolton 1998).

The disconfirmation process may have different impact on satisfaction, quality, and value. Satisfaction requires disconfirmation while quality does not require an actual purchase experience (Oliver 1997, p. 177). A product or service that is perceived as being very high in quality by consumers may be based on reputation alone rather than the consumer's direct experience. Although it is not a necessary precondition, quality may also go through the disconfirmation process (Oliver 1993). The wide accept-ance of the disconfirmation paradigm has been extended to business practice in several ways. It is quite common to see questions on consumer surveys that are related to expectation level and assessments of performance based on those expectation levels. Another example is the concept of "delight" which has been extensively promoted in the business com-munity and represents a high level of positive disconfirmation.

Sacrifice

Most models of customer satisfaction neglect an explicit consideration for the sacrifices involved when purchasing a product (Spreng et al. 1993). This relationship has also been related to customer satisfaction overall as the result of a customer's perception of the value received. Value equals perceived service quality relative to price (Hallowell 1996). Customers may perceive value different at the time of purchase than they do during or after use (Woodruff 1994). Perceived values of different alternatives are evaluated relative to a multi-attribute reference point and disconfirmation has been found to be a major predictor of perceived value (Bolton and Drew 1991; Sinha and DeSarbo 1998; Tversky and Kahneman 1991). There is no evidence that the determination of value results from the disconfirmation process. Value differs from both satisfaction and quality in that value is an assessment of what the consumer receives relative to the costs and other monetary aspects that the consumer sacrifices. Value may take quality into account, along with monetary sacrifice, and directly impact customer satisfaction (McDougall and Levesque 2000).

Sacrifice is an important determinant in the definition of value. Value encompasses the concept of quality as it refers to the quality received at a particular price or outlay (Buzzell and Gale 1987; Grewal, Monroe and Krishnan 1998). Perceived value is a multi-dimensional construct derived from perceptions of price, quality, quantity, benefits, and sacrifice (Sinha and DeSarbo 1998). It has been viewed in terms of a trade-off between price and quality (Bolton and Drew 1991). Sacrifice is defined as what is given up or sacrificed to acquire a product or service (Cronin, Brady and Hult 2000). Price is a significant component of sacrifice, and is an aspect of the product purchase that influences consumers' cognitive pro-cessing and can have multiple effects by impacting perceived value, attitude, willingness to buy, and behavior (Gotlieb and Dubinsky 1991). Price perceptions are shown to affect customer behavior rather than the actual price per se. Price perceptions have a stronger influence on perceived value than perceived quality, and a significant direct effect on customer satisfaction and behavioral intentions (Varki and Colgate 2001).

Satisfaction, Quality, and Value

Satisfaction, quality and value are distinct constructs (Iacobucci et al. 1995; Ostrom and Iacobucci 1995) however; they share certain similarities that make it difficult to distinguish one from the other (McDougall and Levesque 2000). These similarities and differences make the interplay between satisfaction, quality and value of great interest to researchers, and makes the correct use of the constructs important for managers that are attempt-ing to maximize firm performance. In the development of satisfaction and quality judgments, attributes are subjectively evaluated by the consumer based on the combination of standards they observe when assessing product per-formance (Spreng et al. 1996). Likewise, the perceived values of different alternatives are evaluated relative to a multiattribute reference point. The ref-erence point includes intrinsic and extrinsic product attributes and heavily weighs the trade-off between perceived benefits and sacrifice (Sinha and DeSarbo 1998). While judgments of satisfaction, quality, and value may take similar attributes into consideration, the attributes vary in importance depending on which variable is being evaluated (Iacobucci et al. 1995; Ostrom and Iacobucci 1995). Sat-isfaction, quality, and value may also vary based on the nature of the disconfirmation process. In some cases the discon-firmation process is necessary for the outcome to occur, in other cases or for other outcomes it is not necessary (Erevelles and Leavitt 1992).

Satisfaction is defined as the consumer's response to the evaluation of the perceived discrepancy between some comparison standards and the perceived performance of the product (Yi 1990). It is an extended process surrounding the acts of purchase, use, and repurchase (Wilton and Nicosia 1986) and it involves a consumer's psychological reaction, con-sisting of activities and reactions through time. Satisfaction is primarily an affective reaction to a service encounter (Brady and Robertson 2001). Satisfaction has been modeled as an intervening framework that is based on the notion that a party to an exchange derives some meaning from the output to input ratio that cannot exactly be construed as sat-isfaction, but rather as a variable that affects satisfaction judgments (Erevelles and Leavitt 1992; Oliver and Swan 1989).

Quality is defined as the buyer's estimate of a product's cumulative ex-cellence (Zeithaml 1988). The terms quality and satisfaction are used interchangeably in both industry and academia (Iacobucci et al. 1995). Iacobucci, Ostrom, and Grayson (1995) report that the disconfirmation notion is a plausible antecedent for both quality and satisfaction and that purchase intentions are a consequence of both. Consumers form expectations of quality. As a result, perceived quality is compared to quality expectations, resulting in disconfirmations of quality, which combine with other attribute disconfirmations to influence satisfaction judgments (Oliver 1997, p. 185). Service quality is primarily a cognitively oriented construct where three or more factors are evaluated resulting in an overall service quality perception, whereas satisfaction is primarily an affective reaction to a service encounter (Brady and Robertson 2001).

Value is defined as the "consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given" (Zeithaml 1988). Woodruff (1997) proposed a more comprehensive definition, describing value as a cus-tomer's perceived preference for and evaluation of those product attributes, attribute per-formances, and consequences arising from use that facilitate (or block) achieving the customer's goals and purposes in purchase situations (Par-asuraman 1997). Sinha and DeSarbo (1998) suggest perceived value is a trade-off of higher order abstractions such as perceived benefits and sacrifice, which are formed from both intrinsic and extrinsic product attributes, including texture, quality, price, performance, service, and brand name. Value has been defined as a trade-off of quality and price, however, several researchers have noted that perceived value is an obscure and complex construct in which concepts such as price, quality, benefit, and sacrifice are all embedded (Bolton and Drew 1991; Holbrook 1994; Sinha and DeSarbo 1998). In an extensive review of the literature, Sanchez-Fernandez and Iniesta-Bonillo (2006) conclude that although the popular conceptualization of value has been based on the bidirectional tradeoff between quality and price, value is a richer concept with a multidimensional structure more complex than the quality-price relationship alone.

The relationship between satisfaction, quality, and value is complex and interdependent. Satisfaction emphasizes the emotional reaction to a service encounter and service quality emphasizes a more cognitive based evaluation (Brady and Robertson 2001). Customer satisfaction is experiential and contains an affective component, so it is best judged after a purchase, whereas value is more closely tied to specific concepts of costs and pricing relative to quality (Ostrom and Iacobucci 1995; Oliver 1993). Satisfaction is highly associated with value and is based on the amalgamation of service quality attributes with such attributes as price (Athanassopoulos 2000). Value has also been shown to be an antecedent to satisfaction and loyalty (Spiteri and Dion 2004). These relationships are also subject to other factors that are related to desires as part of standards. The shortcomings of a product may be offset by perceived reductions in sacrifices, i.e. a lower (sale) price may lead to satisfaction even though product is not quite what consumer wanted (Spreng et al. 1993). From the consumer's perspective, value may be seen as more important than quality, because value is quality that the consumer can afford (Sinha and DeSarbo 1998). Woodruff (1997) indicates that satisfaction research asks customers to evaluate products on attributes thought to influence their pur-chase decisions, thereby missing important aspects of customer value if limited just to attributes selections (Holbrook 1994).

Perceived value is dependent on a number of dimensions, including product attributes (Sinha and DeSarbo 1998). Price perceptions also have an influence on customer value perceptions, satisfaction, and behavioral intentions (Varki and Colgate 2001). Value is a function of perceived quality (Grewal et al. 1998), and both quality and value are significant predictors of satisfaction (Cronin et al. 2000). Quality and value impact customer loyalty entirely through their relationship with customer satisfaction, and satisfaction, in turn, predicts future behavioral intentions (McDougall and Levesque 2000). Value is a consequence of the consumer's comparison of the outcome with the sacrifice made (Cronin et al. 2000). This results in an assessment of value that is at the same point in the model as satisfaction and quality and also has an impact on behavioral intentions. In some cases, outcomes directly impact satisfaction, quality, and value without the test of convergence being necessary. In the model, linkages that may not occur in the majority of situations are indicted by a dotted, rather than a solid, line. Due to the assimilation effect, standards may impact satisfaction, quality and value directly without an outcome/convergence process being necessary. Due to an expectation effect, standards may impact quality directly and bypass the convergence process. Similarly, expect-ations can have a reverse impact on the influence of standards. Consumers may adapt expectations following observations of quality in product purchase scenarios (Kopalle and Lehmann 1995).

Regret and Service Recovery

Following the disconfirmation pro-cess, the consumer develops perceptions of satisfaction, quality, and value. These perceptions may be further influenced through regret and service recovery. Regret and service recovery both change the way the consumer may see the initial standards that were developed, and in the case of service recovery, the performance outcome may be modified as well. By retroactively modifying standards and/or performance outcomes, the disconfirmation process is modified. The levels of satisfaction, quality, and value are reestablished and contribute to an overall or cumulative level of these elements. Post purchase evaluation is a long-standing topic in the marketing literature (Cummings and Venkatesan 1976). The term regret has been increasingly used in the satisfaction literature to capture this process (Lemon, White, and Winer 2002; Tsiros and Mittal 2000; Tsiros 1998). Regret encompasses the interaction of satisfaction, quality, and post purchase dissonance (Lemon et al. 2002; Tsiros and Mittal 2000; Tsiros 1998). Regret is an evaluation of outcomes in which customers compare what they have received with what they would have received had they made a different choice that would have led to a better outcome (Tsiros and Mittal 2000).

During regret, the consumer may modify the standard and may introduce new standards that may include ideal levels of the standard, or other products that were not considered in the original decision process (Oliver 1997, p. 88). The outcome of a purchase in hindsight is influenced by the reconstructed expectations of the actual outcome of the product or service (Oliver 1997, p. 217). Regret and disconfirmation can operate jointly. Regret influences future repurchase intentions (Tsiros and Mittal 2000). Regret is a comparison against other outcomes while disconfirmation is a comparison against expectations (Oliver 1997, p. 225). In the SQV-P framework, regret and service recovery are depicted as possible outcomes. Possible outcomes are indicated with a dotted line as opposed to a solid line for the processes that are more likely to occur in the majority of consumer evaluation scenarios. Regret and service recovery both may modify the impact of initial satisfaction, quality, and value on their cumulative levels.

Service recovery is a series of events in which a service failure triggers a procedure that generates economic (intent to buy) and social (intent to recommend) interaction between the customer and organization (Smith, Bolton, and Wagner 1999). During service recovery a company engages in activities to address a customer complaint regarding a perceived service failure (Gronroos 1995). Service failure is one determinant that drives customer-switching behavior (Roos 1999) and successful recovery can mean the difference between customer retention and defection (McCollough, Berry, and Yadav 2000). In the service recovery process there are two types of disconfirmation: initial disconfirmation and recovery disconfirmation. Initial service performance is the primary predictor of initial disconfirmation, whereas recovery performance is the primary predictor of recovery disconfirmation. Given a service failure, initial disconfirmation has a greater impact on satisfaction than recovery disconfirmation, which suggests that satisfaction is primarily driven by the initial service failure from recovery performance acting to mitigate the damage to satisfaction caused by the failure (McCollough et al. 2000).

Customer satisfaction has been found to be lower after service failure and recovery (even given high-recovery performance) than in the case of error-free service (Markham, 2001; McCollough et al. 2000). Service recovery is a key ingredient to customer loyalty (Mattila 2001; Tax and Brown 2000). In our model, service recovery impacts both the outcome of the service encounter as well as the standards that may be modified as part of the recovery effort such as perceived equity and justice. The result of the recovery process then leads to a redefined level of satisfaction, quality, and value. In the case of a repeat purchase scenario, these perceptions contribute to a cumulative level of satisfaction, quality, and value.

Cumulative Effects on Satisfaction, Quality, and Value

Satisfaction may not be based on a single event, but can be the result of a series of purchase encounters (Homburg, Koschate, and Hoyer 2006). Customer satisfaction has a strong carryover effect (Anderson, Fornell and Lehmann 1994) and the process of satisfaction is iterative and builds up a cumulative effect of satisfaction over time (Mittal, Kumar, and Tsiros 1999). Cumulative levels of satisfaction are developed with additional satisfaction or dissatisfaction inputs adding to the base level of original satisfaction (Bolton 1998). Revised expectations are amended based on performance, and may be more influential in satisfaction judgments than original expectations (Oliver 1997, p. 88). It has been reported that for repeat customers the base level of satisfaction when high moderates any negative impact of more recent satisfying or dissatisfying ex-periences (Bolton 1998). Customer usage of products and/or services goes through a dynamic process whereby customers' prior usage levels, satisfaction eval-uations, and subsequent service usage are linked (Bolton and Lemon 1999). It follows that the same process may occur for quality and value perceptions.

The customer's subjective expected value for a service may also depend on his/her current cumulative satisfaction with the service (Luce 1992; Simonson 1990). At this stage of the SQV-P framework, regret can result in a retrospective examination of standards, and can cause the consumer to walk through the purchase process once more. This time, however, the standards may be modified to include ideal or alternative outcomes that were not originally part of the standards set. Service recovery may be initiated from outcomes where intention not to repurchase or negative word-of-mouth is identified and rectified by the firm. Service recovery can cause a consumer to modify his or her initial standards as well as to cause a modification to the outcome received. The disconfirmation process is repeated, however, this time in a recovery mode.

The result of this portion of the SQV-P framework is a cumulative level of satisfaction, quality, and value. The model represents a single scenario of a consumer's evaluation of a product or service. However, it must be kept in mind that consumers in a repeat purchase scenario go through this process over and over again (Bolton and Lemon 1999). The cumulative level of satisfaction, quality and value are based on the previous level of these factors as modified by the customer's latest experience. The overall process of satisfaction that we model is recursive. Outcomes of satisfaction, quality, and value that form the basis for behavioral intentions also become inputs for desires and expectation levels in future purchase encounters by that consumer (John 1992). Satisfaction, quality, and value combine to form an overall customer loyalty that includes cognitive, affective, and behavioral dimensions.

Loyalty

The cumulative levels of satisfaction, quality, and value influence the consumer's loyalty to the product or service (Cronin et al. 2000; Mattila 2000; McDougal and Levesque 2000). Loyalty also may have other antecedents such as emotional commitment and repeat purchase behavior (Salegna and Goodwin 2005; Salegna and Goodwin 2008). Loyalty, in turn, influences behavioral intentions including purchase behavior (Solvang 2007). The behavioral intentions serve as a bridge into the second and firm level phase of the SQV-P framework. Several mediating variables are reported to modify the relationship between loyalty and behavioral intentions (Homburg and Giering 2001). Loyalty is viewed as the strength of the relationship between a customer's relative attitude and repeat patronage (Dick and Basu 1994). More clearly defined, customer loyalty is "a deeply held commitment to rebuy or repatronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behavior" (Oliver 1997, p. 392).

Satisfaction and quality are both influenced by attribute performance (Danaher 1997), and analysis of the attributes varies depending on whether service is being evaluated on value, satisfaction, or intentions (Ostrom and Iacobucci 1995). Satisfaction is a function of attribute performance and overall satisfaction. The effect of satisfaction on behavioral intentions over time is mediated and not direct (Mittal et al. 1999). In competitive markets, loyalty varies significantly between satisfied and completely satisfied customers (Jones and Sasser 1995).

Repurchase intent increases with satisfaction levels for individuals who have been customers for longer periods of time (Rust and Williams 1994), and the strength of the relationship between customer satisfaction and loyalty is strongly influenced by personal characteristics of the customer (Homberg and Giering 2001). Quality and value are equally important and influential on a firm's long-term ability to retain customers (Jones and Sasser 1995; McDougal and Levesque 2000). Value is increasingly noted as being an important influence on willingness to buy and behavioral intentions (Grewal et al. 1998; McDougall and Levesque 2000).

The construct of brand loyalty is multi-dimensional and it includes belief, affect, and intention relative to the product under consideration (Jacoby and Chestnutt 1978). The importance of long-term relationships and customer retention is a common topic in the marketing literature (Grant and Schlesinger 1995; Payne and Rickard 1997; Reichheld 1996). Consumer loyalty is valuable for the firm, as it is generally less expensive to maintain existing customers than to attract a new customer (Reichheld and Sasser 1990). Developing and maintaining strong relationships with consumers is a major issue for organizations wishing to create a sustainable competitive advantage (Day and Wensley 1988; Parasuraman 1997; Woodruff 1997), particularly in service industries (Berry 1999; Bharadwaj, Varadarajan, and Fahey 1993).

Assimilation

It should be noted that the disconfirmation process may not always take place. In some cases, the consumer does not weigh the actual outcome against a standard; rather the standard sets the perception of the product and the actual outcome is modified or ignored entirely (Erevelles and Leavitt 1992; Monga and Houston 2006). This direct link between expectations and satisfaction represents the assimilation effect (Yi 1990).

In the case of a product with an excellent reputation, the consumer may expect it to be such an outstanding product that they tend to ignore performance outcomes and the resulting disconfirmation that would indicate otherwise. This is also evidence of the notion that the entire satisfaction process itself may be contingent on the people and the situation involved (Homburg and Giering 2001; Mittal and Kamakura 2001).

With an assimilation effect, the consumer may have committed to believing that a certain performance level will occur. Expectations may also impact satisfaction directly as an assimilation agent without assessing performance (Oliver 1997, p. 91). Under certain conditions, it may not be necessary to include disconfirmation as an intervening variable affecting satisfaction (Churchill and Surprenant 1982; Erevelles and Leavitt 1992). In this situation, the consumer may not wish to test performance for fear that their expectations may be inaccurate (Oliver 1997, p. 89). For example, Mercedes Benz has experienced quality problems, but due to assimilation effects, many customers still prefer the brand (Kiley 2002).

Performance outcomes without any comparison to initial standards and a resulting convergence process may also directly result in perceptions of satisfaction (Szymanski and Henard 2001). Expectations and product performance have been found to play distinctly different roles in satisfaction formation (Erevelles and Leavitt 1992). Some argue that disconfirmation is not necessary under certain conditions, and as with the purchase of durable goods, consumers' satisfaction judgments are determined solely by the performance of the product and are totally independent of their initial expectations (Churchill and Suprenant 1982; Erevelles and Leavitt 1992). Equity may also affect satisfaction directly (Oliver and Swan 1989) and represents fairness, rightness, or deservingness judgment that consumers make in reference to what others receive**.**

Economic and Social Behavioral Intentions

Behavioral intentions are the final outcome of the first phase of the SQV-P process and represent consumer actions that influence firm performance as well as to influence other individual consumers (Brady and Robertson 2001; Cronin et al. 2000; Zeithaml, Bitner, and Parasuraman 1996). Loyalty results in two types of behavioral intentions: economic and social (Smith et al. 1999). Economic behavioral intentions impact the firm in three ways; volume, cost, and price impacts. Social behavioral intentions result in word-of-mouth, referrals and complaints.

Economic behavioral outcomes are customer behaviors that impact the financial aspects of the firm such as repeat purchase behavior, (Anderson and Mittal 2000), willingness to pay more, and switching behavior (Zeithaml, Berry, and Parasuraman 1996). Although the literature has not addressed the joint effect of satisfaction, quality, and value on economic behavioral intentions, the research that has linked satisfaction to economic behavioral intentions suggest that quality and value may be influencers as well. A positive relationship has been reported between customer satisfaction and repeat purchasing (Szymanski and Henard 2001). Repurchase intentions of satisfied customers are significantly higher than the intentions of dissatisfied customers (Halstead and Page 1992). Increasing overall satisfaction leads to greater repurchase intentions (Anderson 1994; Anderson and Mittal 2000; Ralston 1996; Zeithaml et al. 1996), as well as actual repurchase behavior (Anderson and Mittal 2000; Bolton 1998). Satisfaction is stronger for customers who have more experience with the organization (Bolton 1998), and past satisfaction of current customers provides a strong indication that current and future satisfaction will be high (Anderson et al. 1994).

Social behavioral intentions are customer behaviors that impact other existing and potential customers of the firm. These include actions such as direct complaint behaviors (Johnston 1998; Nyer 1999; Tax, Brown, and Chandrashekaran 1998) as well as overall word-of-mouth communication (Anderson 1998; Szymanski and Henard 2001; Wright, Perkins, Alston, Heitzig, Meyer-Smith, and Palmer 1996). Information disseminated through word-of-mouth by existing customers may be used as an input for expectations of future customers (Anderson et al. 1994). It may also result in dissatisfaction and switching behavior for existing customers (East, Lomax, and Narain 2001), as well to influence the overall public perception of the firm (Woodruff 1993; Zeithaml, Berry, Parasuraman 1996). Consumers may give more weight to negative compared to positive information and place a higher value on non-marketing sources (Lutz 1975). It has been reported that brands in high commitment and low choice market sectors are sensitive to negative word-of-mouth while low commitment and high choice products are more sensitive to positive word-of-mouth (Samson 2006).

The importance of word-of-mouth communication as influencing other consumers may also vary based on task difficulty (Duhan, Johnson, Wilcox, and Harrell 1997), making word-of-mouth extremely important in the overall reputation and consumer response when complex purchase situations are encountered. Although more indirectly related than economic outcomes, social outcomes have an important impact on firm performance and require more thorough understanding. Word-of-mouth can have a greater impact on opinions by consumers than the mass communication effort of the firm (Yi 1990). The process of consumers using performance out-comes to shape expectations of others through word-of-mouth increasingly has a much greater impact with the use of the internet. The present and future impact of this process cannot be underestimated and is a major issue that needs to be addressed by researchers.

PHASE TWO: FIRM LEVEL OUTCOMES

In the second phase of the SQV-P framework, individual behaviors become aggregate influencers of firm per-formance. Economic behavioral inten-tions of individual consumers first result in volume and price impacts on the firm. Volume and price changes impact margins and investments, that in turn influence firm performance and value. Social behavioral intentions also play a part in this process although they have a more in-direct effect (Woodruff 1993) through in-dividual consumer word-of-mouth activities.

Volume and Price Changes

Positive behavioral intentions result in increased sales volume and/or price levels (Anderson and Mittal 2000; Zeithaml 2000). When reflected as higher price levels, greater margins are in turn created (Buzzell and Gale 1987). The volume and price outcomes of the consumer's willingness to buy more and/or pay more affect the firm in numerous ways. By changing the firm's margin, it impacts the firm's volume and cost of goods sold. This in combination with changing the firm's product and process investment level changes the firm's return on investment. These re-lationships apply to current as well as future customers. Future revenues from current customers stem from the linkage between customer satisfaction and profitability (Anderson and Sullivan 1993; Jacobs, Johnston, and Kotchetova 2001). Retained customers are revenue-producing assets for a firm; however, the revenue from retained customers comes at a cost. Since profit may be negative in the first period due to the cost of acquiring a customer, customers may only become profitable to serve over the long-term (Anderson and Mittal 2000).

Behavioral intentions that reflect high quality result in higher customer loyalty, greater willingness to recommend, and in turn, increased market share (Bolton and Drew 1991; Boulding, Kalra, Staelin and Zeithaml 1993; Buzzell and Gale 1987; Danaher 1997; Danaher and Rust 1996; Rust, Zahorik, and Keiningham 1995; Woodside, Frey, and Daly 1989). In the short run, quality yields profits via premium prices. In the long run, superior quality leads to market expansion and gains in market share. Data from the PIMS (Profit Impact of Market Strategies) Study suggest that quality contributes to both growth and profitability through its impact on perceived value. When compared to businesses with inferior quality, those with superior quality enjoy higher return on sales, higher return on investment, stronger customer loyalty, more repeat purchases, less vulnerability to price wars, lower marketing costs, and greater ability to command higher relative price without affecting market share (Buzzell and Gale 1987).

Increased volume and price levels enhance the ability of the firm to increase product, process, and capacity investments. It must be kept in mind that this investment made by the firm to create strategies that will enhance satisfaction, quality, and value is an ongoing process. In order to enhance its overall competitive position, a firm must continue to invest in marketing strategies (Cook 1983; Cook 1985; Day and Wensley 1988). A commitment to reinvestment will enable the firm to discover and implement superior skills, superior resources (Day and Wensley 1988), and additional value for its customers (Narver and Slater 1990).

Firm Performance Outcomes

The extension of marketing to consider the overall performance of the firm has received a great level of attention in the literature (Anderson 1979, 1981, 1982), Bharadwaj, Varadarajan, and Fahey (1993), Cook (1983, 1985), Day (1992, 1994), Day and Wensley (1988), Howard (1983), Sheth and Frazier (1983), and Varadarajan (1992). Reflecting this perspective, the SQV-P framework contains performance measures that account for profitability, market share, and return on investment. Firm performance outcomes are a direct result of volume and price impacts, as well as word-of-mouth, referrals and complaints by customers that effect the attitudes of other customers as well the public perception of the firm. Firms that emphasize higher levels of customer service report significantly higher profit margins, earnings growth, return on sales, investment, and assets (Wright and Pearce 1995). Quality also reduces failures and operating costs for the firm (Oliver 1997, p 404). Increased customer satisfaction is expected to lead to greater customer retention. Improved customer retention leads to greater profitability (Anderson and Mittal 2000). Firms with higher customer satisfaction and retention can expect higher profits (Anderson et al. 1994; Anderson and Mittal 2000).

Several approaches have been used to try to assess the impact of quality on firm performance. These include customer lifetime value, (Rust, Zeithaml, and Lemon 2001) customer pyramid (Zeithaml, Rust, and Lemon 2001), customer equity (Lemon, Rust, and Zeithaml 2001), and return on quality (Rust et al. 1995). The focus of the work in this area has been on profitability associated with customer retention due to improvements in customer satisfaction (Anderson and Mittal 2000; Anderson et al. 1994; Rust et al. 1995). Customer retention has been described as a net present value proposition (Anderson and Mittal 2000; Jacobs et al. 2001). Customers can have “future value” in the form of likely margins to be earned and thus they take the form of valuable assets to the firm (Jacobs et al. 2001).

The relationship between quality and the financial return to a firm has been mathematically modeled as a chain of effects (Rust et al. 1995). Increased perceived quality and customer satisfaction leads to higher levels of customer retention and positive word-of-mouth. In turn, revenues and market share go up, driven by higher customer retention and new customers attracted by positive word-of-mouth. The increased revenues combined with decreased costs lead to greater profitability (Rust et al. 1995).

The literature also suggests that satisfaction is related to firm performance and market share (Rust and Zahorik 1993) and is based on higher repeat usage in future (Bolton and Lemon 1999). Satisfaction leads to greater repurchase intentions, actual purchase behavior and, ultimately, firm profitability (Anderson and Mittal 2000). Satisfaction is stronger for customers who have more experience with the organization (Bolton 1998), and past satisfaction of current customers provides a strong indication that current and future satisfaction will be high, strongly affecting ROI (Anderson et al. 1994).

The notion that increased levels of customer satisfaction, quality, and value improve firm performance runs throughout the discussion of SQV-P. Despite the fact that increased customer satisfaction can lead to increased market share for a firm, it has been suggested that a negative effect of market share gains on perceived quality may exist (Hellofs and Jacobson 1999). There are two streams of thought concerning how increased market share impacts consumers’ perceptions of quality. The *positive effects* view is that higher market share can be interpreted by future consumers as a signal of higher quality, and the *negative effects* view suggests that customers perceive quality to decrease as market share increases, possibly because consumer expectations increase (Hellofs and Jacobson 1999). Yet perceived quality still has a positive impact on customer satisfaction and, in turn, firm profitability (Anderson et al. 1994). In the SVQ-P framework these effects are seen through the impact of firm performance outcomes on consumers' initial standards.

Firm Value

Value creation is regarded by both finance academics and practitioners as the ultimate measure of success (Copeland, Keller, and Murrin 1994; Jensen and Meckling 1976). Although the formal inclusion of shareholder value is relatively new to the marketing dialogue, the basic notion of measuring marketing success in terms of financial performance has been long accepted in the literature. In early marketing thought, the influence of economic concepts is prevalent throughout the literature, as marketing evolved out of an economic framework (Bartels 1976). To secure its competitive advantage, marketing and other functional strategies must be developed and implemented that are value adding or at least value preserving (Slater 1996). The resulting sustainable increase in shareholder value leads to easier capital acquisition that is used to fund more new value adding opportunities that sustain competitive advantage.

Customer satisfaction increases cash flow growth and also reduces its variability (Gruca and Rego 2005). The resulting increased profitability impacts return on investment, which, in turn, impacts the value of the firm. These changes are based both on performance level changes and on the level of investment that is required to achieve the modified levels of satisfaction, quality, and value. Evidence has been reported that indicates that higher levels and positive changes of customer satisfaction are related to higher firm value (Aksoy, Cooil, Groening, Keiningham, and Yalcin 2008), but it is important to note that this is represents a longer-term effect (Fornell, Mithas, Morgeson, and Krishnan 2006). In addition, this relationship has been found to have a significant variation across industries and firms (Anderson, Fornell, and Mazvancheryl (2004). The opposite effect has likewise been reported that increased complaints are associated with reduced future stock returns (Luo 2007). The value of the firm is also related to word-of-mouth stemming from positive customer experiences. Word-of-mouth not only impacts the perceptions of other consumers but at the same time it impacts the overall reputation of the firm for the public at large as well as for the investment community.

DISCUSSION AND DIRECTIONS FOR FUTURE RESEARCH

There are numerous issues that require clarification in the context of measuring the impact of satisfaction, quality, and value on firm performance. As an example, many aspects related to the standards that drive the disconfirmation process require clarification. A comprehensive understanding of the total dimensions and interaction between the various types of standards is needed. It would also be desirable to understand how standard-related attributes interplay between the various standards. For example, are specific attributes common to more than one standard, or are they mutually exclusive? Future research is also needed to clarify the role of price as a standard-related attribute in the disconfirmation process as well as its role as a key determinant of sacrifice in the value assessment process. There are also numerous cognitive processes that may occur at the standard level that remain to be identified and examined.

At a more fundamental level, satisfaction, quality, and value have conceptual differences and can benefit from theoretical and empirical research to understand their interrelationships. The relationship between various levels of satisfaction, quality, and value and firm performance can likewise be identified in order to determine optimum levels of attributes that will maximize firm performance. Work exists that provides insight into these relationships. The relationship between satisfaction and behavioral intentions is reported to be nonlinear (Anderson and Mittal 2000; Mittal and Kamakura 2001). The satisfaction-intention link exhibits de-creasing returns, whereas the satisfaction-behavior link exhibits increasing returns. Repurchase behavior is less sensitive to changes in satisfaction ratings for some customer groups than others (Mittal and Kamakura 2001).

Although the research in the area has led firms to carefully monitor customer satisfaction, satisfaction by itself may not correlate with organizational performance. Customers may indicate that they are satisfied but purchase goods and services elsewhere (Jones and Sasser 1995). Another limitation with man-agerial perspectives on satisfaction is that it is time sensitive. Organizations may find a strong relationship between customer satisfaction scores and per-formance, but over time that relationship weakens caused by changes in customers desires (Woodruff 1997). Customer satisfaction programs do not always deliver anticipated results. As a result, it has been argued that customer satisfaction should be eliminated as a measure for optimizing customer retention and profitability (Anderson and Mittal 2000; Grisaffe 2007).

The issue of the dimensionality of the elements in the SQV-P model and differences between market segments is also an important issue that requires additional work. One such effort indicates that satisfaction is comprised of sat-isfaction level and satisfaction strength (Chandrashekaran, Rotte, Tax, and Grewal 2007). Research has also determined that the short term post-consumption processing is different for dissatisfied versus satisfied customers, and that dissatisfied consumers may be more expectation driven (Mackoy, Spreng, and Harrell 1996). The framework presented in this article requires investigations as a contingency based phenomenon both for different consumers and for different purchase situations. What constitutes value appears to be highly personal, idiosyncratic, and may vary widely from one customer to another (Halstead, Jones and Cox 2007; Holbrook 1994; McDougall and Levesque 2000; Zeithaml 1988).

The model that is presented is designed to organize and structure the literature review, rather than to compete with other models that have been suggested in the literature. In addition, as the purpose of the article was to review the literature, additional empirical re-search was not part of this effort. There are several notable models in the literature that focus on specific elements of this broad area. These include models dealing with value based on an integrative framework (Sanchez-Fernandez and Iniesta-Bonillo 2006), and loyalty from a judgment and decision making and general social psychology perspective (Taylor, Hunter, and Longfellow 2006). A limitation of this research that has to be mentioned is that given the breadth of the literature in the area there exists work that was undoubtedly overlooked or could not be included in the space provided. At the same time there are other related overall perspectives that are related to the review that were not discussed. Notable among these are those such as Hunt's (2000) general theory of competition, Deshpande's (1999) market orientation model, and the several theories of the firm reviewed by Anderson (1982).

SUMMARY AND CONCLUSIONS

The goal of this article has been to assist researchers and managers who are interested in understanding the overall process of satisfaction, quality, value, and per-formance by providing a framework that contains these elements and the relationships between them.

This article contributes to the literature by presenting a review of how these marketing variables relate to each other and ultimately result in performance outcomes and the value of the firm. The primary purpose of a research synthesis is to integrate research findings across a number of different studies (Rundall 1996). The literature review and synthesis reported in this article has endeavored to follow this process. The research that examines satisfaction, quality, and value is extensive; therefore a review and synthesis such as that presented here can only attempt to cover the most relevant and significant components of the area as part of depicting the total process involved. Nonetheless, the review of an overall framework and perspective can hopefully provide understanding and guide additional research in the field.

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TABLE 1

KEY ELEMENTS OF THE SQV-P FRAMEWORK

Model Construct	Definition(s)	Cited Source(s)
Standards	Standards define a given category of expectations or performance that includes desires, expectations, equity, information, values, norms, ideals, promises, goals, & beliefs, & are used to measure the actual product/ service outcome.	Woodruff, Clemons, Schumann, Gardial, and Burns 1991; Spreng, Dixon, and Olshavsky 1993; Spreng and Mackoy 1996; Spreng and Olshavsky 1992; Spreng, MacKenzie, and Olshavsky 1996; Bloemer, Kasper, and Lemmink 1990; Sinha and DeSarbo 1998; Iacobucci, Ostrom, and Grayson 1995
Product/Service Performance Outcomes	Performance outcomes are a result of the consumer's evaluation of some comparison standards and the perceived performance of the product.	Ofir and Simonson 2001; Woodruff, Clemons, Schumann, Gardial, and Burns 1991; Iacobucci, Ostrom, and Grayson 1995
Convergence	A consumer's expectations are confirmed when a product performs as expected, negatively disconfirmed when the product performs more poorly than expected, & positively disconfirmed when product performs better that expected.	Bearden and Teel 1983; Oliver 1980, 1981, 1989, 1993; Oliver and Bearden 1985; Swan and Trawick 1981; Churchill and Surprenant 1982; Hennig-Thurau 2001; Oliver 1997; Ofir and Simonson 2001
Sacrifice	Sacrifice refers to what is given up or sacrificed to acquire a product or service.	Cronin, Brady and Hult 2000; Spreng, Dixon, and Olshavsky 1993; McDougall and Levesque 2000; Buzzell and Gale 1987; Grewal, Monroe and Krishnan 1998; Sinha and DeSarbo 1998
Satisfaction	Satisfaction is the consumer's response to the evaluation of the perceived discrepancy between some comparison standards and the perceived performance of the product.	Yi 1990; Wilton and Nicosia 1986; Brady and Roberton 2001; Erevelles and Leavitt 1992; Oliver and Swan 1989; Ostrom and Iacobucci 1995; Oliver 1993; Woodruff 1997; Hennig-Thurau 2001; Iacobucci, Ostrom, and Grayson 1995 ; McDougall and Levesque 2000; Spreng, MacKenzie, and Olshavsky 1996; Spreng, Dixon, and Olshavsky 1993
Quality	Quality is the buyer's estimate of a product's cumulative excellence.	Zeithaml 1988; Iacobucci, Ostrom, and Grayson 1995; Kopalle and Lehmann 1995; McDougall and Levesque 2000; Brady and Robertson 2001).
Value	Value is the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given.	Zeithaml 1988; Woodruff 1997; Grewal, Monroe and Krishnan 1998; Parasuraman 1997; Sinha and DeSarbo 1998; Athanassopoulos 2000; Spiteri and Dion 2004; Cronin, Brady and Hult 2000; Fernandez and Iniesta-Bonillo 2006; McDougal and Levesque 2000; Bolton and Drew 1991; Holbrook 1994
Regret	Regret is an evaluation of outcomes in which customers compare what they have received with what they would have received had they made a different choice that would have led to a better result.	Tsiros and Mittal 2000; Tsiros 1998; Lemon, White, and Winer 2002; Oliver 1997
Service Recovery	A series of events in which a service failure triggers a procedure that generates economic (intent to buy) and social (intent to recommend) interaction between the customer and organization.	Smith, Bolton, and Wagner 1999; Gronroos 1995; Roos 1999; McCollough, Berry, and Yadav 2000; Mattila 2001; Tax and Brown 2000; Maxham 2001

Cumulative Effects	Developed with additional satisfaction or dissatisfaction inputs adding to the base level of original satisfaction as a result of a series of purchase encounters.	Homburg, Koschate, and Hoyer 2006; Anderson, Fornell and Lehmann 1994; Mittal, Kumar, and Tsiros 1999; Bolton 1998; Oliver 1997; Bolton and Lemon 1999; Luce 1992; Simonson 1990
Loyalty	Loyalty is a deeply held commitment to rebuy or repatronize a preferred product or service consistently in the future.	Salegna and Goodwin 2005; Solvang 2007; Dick and Basu 1994; Jacoby and Chestnutt 1978; McDougall and Levesque 2000; Homburg and Giering 2001; Jones and Sasser 1995; Reichheld and Sasser 1990
Assimilation Effect	Assimilation effect is a direct link between expectations and satisfaction in which the consumer does not weigh the actual outcome against a standard; rather the standard sets the perception of the product and the actual outcome is modified or ignored entirely.	Erevelles and Leavitt 1992; Monga and Houston 2006; Yi 1990; Churchill and Surprenant 1982; Oliver 1997
Economic and Social Behavioral Intentions	Economic behavioral outcomes are customer behaviors that impact the financial aspects of the firm such as repeat purchase behavior, willingness to pay more, and switching behavior - Social behavioral intentions are customer behaviors that impact other existing and potential customers of the firm such as complaint behaviors as well as overall word-of-mouth communication.	Brady and Robertson 2001; Cronin, Brady and Hult 2000; Smith, Bolton, and Wagner 1999; Zeithaml, Bitner, and Parasuraman 1996; Anderson and Mittal 2000; Szymanski and Henard 2001; Anderson 1994; Ralston 1996; Bolton 1998; Johnston 1998; Nyer 1999; Tax, Brown, and Chandrashekaran 1998; Anderson 1998; Wright, Perkins, Alston, Heitzig, Meyer-Smith, and Palmer 1996; Samson 2006; Woodruff 1993
Volume and Price Changes	Increased sales volume and/or price levels result from positive behavioral intentions.	Anderson and Mittal 2000; Zeithaml 2000; Buzzell and Gale 1987; Bolton and Drew 1991; Boulding, Kalra, Staelin and Zeithaml 1993; Danaher 1997; Danaher and Rust 1996; Rust, Zahorik, and Keiningham 1995; Woodside, Frey, and Daly 1989
Firm Performance Outcomes	Firm performance outcomes are a direct result of volume and price impacts, as well as word-of-mouth, referrals and complaints by customers that effect the attitudes of other customers as well the public perception of the firm.	Anderson and Sullivan 1993; Jacobs, Johnston, and Kotchetova 2001; Anderson 1979, 1981, 1982, Bharadwaj, Varadarajan, and Fahey 1993; Cook 1983, 1985; Day 1992, 1994; Day and Wensley 1988; Howard 1983; Sheth and Frazier 1983; Varadarajan 1992; Wright and Pearce 1995; Anderson and Mittal 2000; Rust, Zeithaml, and Lemon 2001; Zeithaml, Rust, and Lemon 2001; Lemon, Rust, and Zeithaml 2001; Rust et al. 1995; Jacobs et al. 2001; Hellofs and Jacobson 1999
Firm Value	Value creation is considered the ultimate measure of a firm's success and is tied to increased customer satisfaction.	Copeland, Keller, and Murrin 1994; Jensen and Meckling 1976;Gruca and Rego 2005; Aksoy, Cooil, Groening, Keiningham, and Yalcin 2008; Fornell, Mithas, Morgeson, and Krishnan 2006; Anderson, Fornell, and Mazvancheryl 2004; Luo 2007

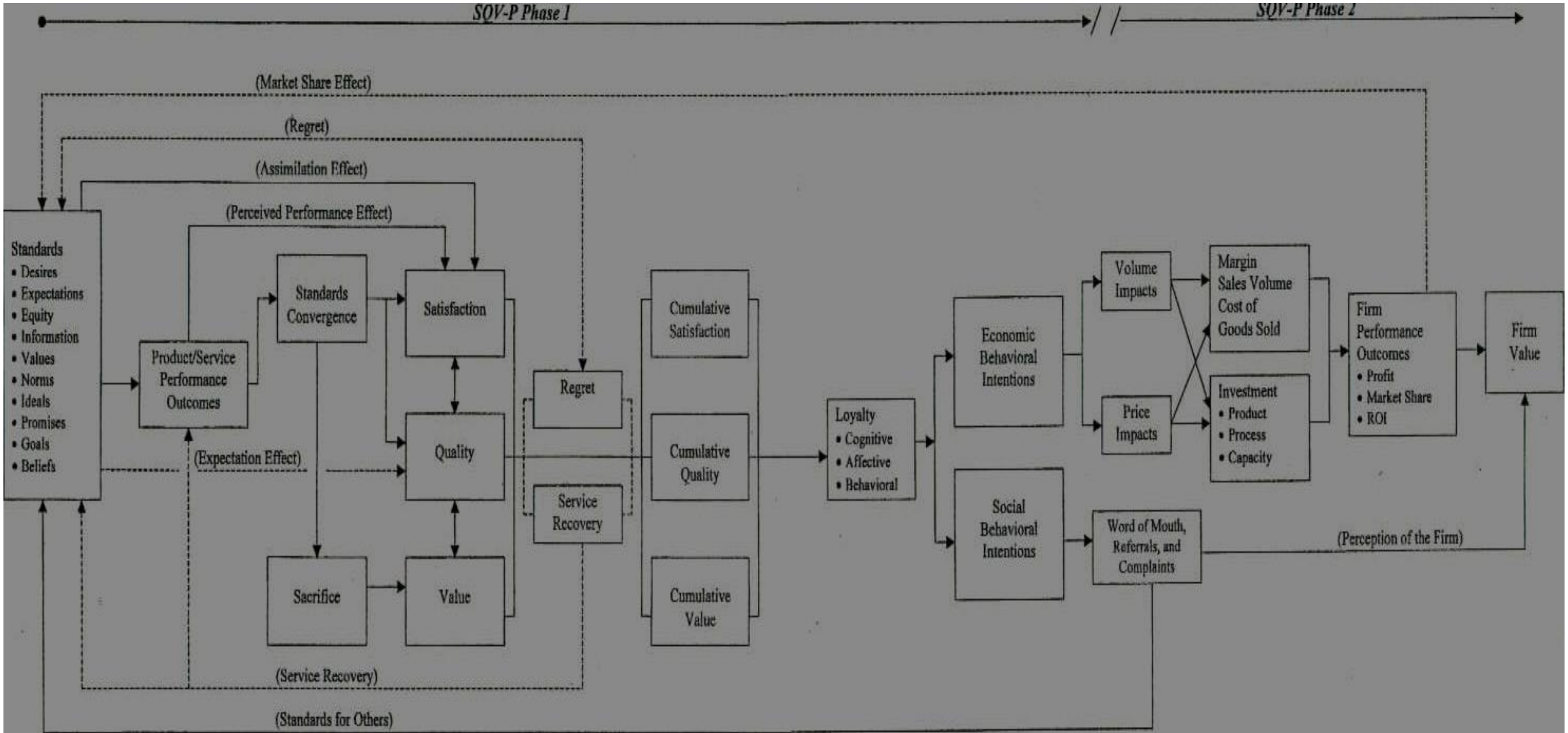

Figure 1. The SQV-P Framework