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When customers behave badly: Psychological antecedents and dynamics of value co-destruction in service experiences

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WHEN CUSTOMERS BEHAVE BADLY: PSYCHOLOGICAL
ANTECEDENTS AND DYNAMICS OF VALUE
CO-DESTRUCTION IN SERVICE
EXPERIENCES

by

Joanne M. Tran, B.S.B.A., M.B.A.

A Dissertation Presented in Partial Fulfillment
of the Requirements for the Degree
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COLLEGE OF BUSINESS
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ABSTRACT

The notion of consumer misbehavior has gained more attention in recent years, challenging the old adage that "the customer is always right." This is also evident in the value co-creation literature in which certain behaviors, such as consumer participation, may result in undesired consequences. However, only a handful of researchers have begun to view this alternative side to value co-creation. As such, this dissertation seeks to gain a better understanding of the manifestations and traits of value co-destruction (VCD), the opposite possibility of value co-creation. Here, VCD refers to the decline in value created together by a provider and consumer from their interactions and experiences that result in resource disintegration.

From a service-dominant logic perspective, the current study argues the propensity of consumers contributing negative value to the co-creation process through resource disintegration. That is, if resources are misused or applied the wrong way, then the value potential is not realized from the dyad. Using a typology of value destruction, the study focuses on consumers' involuntary diminutive effects in the service experience. By utilizing a multi-method approach including a critical incident technique and experimental design, the findings reveal that certain factors and predispositions do encourage VCD and therefore, influence service relationship outcomes. As such, the findings offer a new perspective for practitioners to bridge the gap between employee training for firms and successful service recovery.
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DEDICATION

To my loving husband and father of our son, I could not have done this without you.

Thank you for your inspiration, love, and support along the way. Olive.
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CHAPTER ONE

INTRODUCTION

In 1909, Harry Gordon Selfridge, the founder of Selfridge’s department store in London, originally coined the phrase, “The customer is always right,” as a way to convince customers they will receive good service and to convince employees to give customers good service. However, despite the old adage, the customer is not always right. As early as 1914, it was pointed out that this view ignores that customers can be dishonest, have unrealistic expectations, and/or try to misuse a product in ways that void the guarantee (Farrington 1914). Examples of such view include consumers buying a product only to return the product after using it, botching a carpet installation in their home, or not maintaining their vehicle. Whether these behaviors are intentional or unintentional, these interactions result in diminishing value for the consumer themselves and/or the service provider. Interestingly, these behaviors pose questions, such as why are consumers contributing negative value to their own service experiences and how are they diminishing their own value in a co-created atmosphere? Furthermore, what circumstances induce consumers to contribute negative value for themselves and/or the firm?

The notion of consumer misbehavior is not new, but has gained more attention in recent years (Bitner, Booms, and Mohr 1994; Fisk et al. 2010; Fullerton and Punj 1993;
Harris and Reynolds 2004; Lovelock 1994). This is also evident in the value co-creation process in which consumers play an active role during the service consumption process. As a co-creator of value, consumers can help firms increase productivity as well as enhance their own service experience through participation and operant resources (Bitner, Faranda, Hubbert, and Zeithaml 1997; Vargo and Lusch 2008a). However, recent studies have found that consumer participation can sometimes lead to undesired consequences (Chan, Lam, and Yim 2010; Dong, Sivakumar, Evans, and Zou 2015; Greer 2015; Zhuang, Babin, and Tran 2014). Only a handful of researchers have begun to view this alternative side to value co-creation (Pie and Chumpitaz 2010; Smith 2013; Tynan, McKechnie, and Hartley 2014; Worthington and Durkin 2012). As such, Pie and Chumpitaz (2010) propose the notion of value co-destruction (VCD), in which a service systems interaction results in a decline in at least one of the systems' well-being.

Given the importance of studying the dynamics of VCD in service research and the lack of studies on VCD, this chapter will first provide a brief background on value co-creation and the deficiency addressing the discrepancy described above. Developing the opposite possibility of value co-creation, value co-destruction, will also be presented and drawn from the consumer misbehavior and service literature. The purpose of this study will be outlined and the chapter will conclude with a description of the organization for the rest of this research.

**Background on Value Co-Creation**

The changing lanes from a firm-oriented to a customer-oriented approach rooted from Lovelock and Young’s (1979) customer participation and Kotler’s (1986) prosumption seminal work. As such, this shift into a new logic calls for consumers to be
more involved in the exchange process in order to be successful. Previous studies have argued that consumer participation should result in higher service quality, individual customization, and control for consumers (Xie, Bagozzi, and Troye 2008), and higher firm satisfaction and efficiency (Lovelock and Young 1979). As a result, the value created together by the provider and consumer allows consumers to interact and construct their experiences. This notion is referred to as value co-creation (Prahalad and Ramaswamy 2004). Consequently, value co-creation is especially prominent among services firms that have high credence, interaction, and personalization (Bitner and Brown 2008).

In a similar vein, Vargo and Lusch (2004, 2008a) argue that consumers are active co-creators rather than as passive receivers of value, in which led to the rise of a new dominant logic, service dominant (S-D) logic. Since the introduction of a new dominant logic, research on value co-creation and S-D logic have received much attention in the literature. Particularly, researchers have developed a process or framework on how consumers engage in value co-creation (Etgar 2008; Payne, Storbacka, and Frow 2008; Prahalad and Ramaswamy 2004) and empirically measure co-creation (Albinsson, Perera, and Sautter 2016; Yi and Gong 2013). Thus, much of the research on value co-creation implies positive connotations to the exchange and/or outcome. For example, the word “value” has inherently positive connotations, as reflected by Vargo, Maglio, and Akaka’s (2008) definition of value – “an improvement in system well-being.” As such, these positive references to the nature of value in S-D logic demonstrate an inherently optimistic and favorable perspective on value-related outcome processes.
However, co-creation does not always create positive value for the consumer and service provider, as there have been hints of consumers intentionally or unintentionally destroying value for themselves and/or the service provider. For instance, Jaworski and Kohli (2006) contend that firms should not engage in co-creation activities with consumers under certain conditions. They argue that it would not make sense for firms to engage in co-creation if consumers could not be trusted, do not see value in dialog, and/or lack deep knowledge of the service experience. Moreover, Gronroos (2008) contend value can be negative when the service does not at least restore homeostasis. In other words, the “give” components of value have exceeded the “get” components. Lastly, recent studies have found that increased consumer participation in co-production could have negative outcomes for consumers (Bendapudi and Leone 2003; Dong et al. 2015; Greer 2015; Zhuang, Babin, and Tran 2014). According to self-serving bias, for example, in situations where the outcomes are jointly produced by the firm and consumer, consumer participation could have detrimental effects on customer satisfaction (Bendapudi and Leone 2003).

Given the plethora of research on value co-creation, scant research has explicitly examined the negative side to value creation, the risks that are associated with co-creation, and how these risks may affect a consumer’s perception of the co-creation experience.

**Background on Value Co-Destruction**

As suggested above, the customer is not always right. Consumers commonly seem disinclined to follow organizational rules and norms that prescribe compliance during a service encounter (e.g., Fisk et al. 2010). This notion of consumer misbehavior
is a relatively new research area in service dynamics. However, other disciplines, such as social psychology (Cohen 1966; Festinger and Carlsmith 1959; Fullerton and Punj 1993; Moschis and Cox 1989) and organizational behavior (Ford and Richardson 1994; Paternoster and Simpson 1996), have studied consumer misbehavior or dysfunctional behaviors for years.

Furthermore, few studies have fully examined the opposite possibility of value co-creation. For example, Zhuang, Babin, and Tran (2014) found that consumer co-creation may not always benefit value production and that service quality is a pivotal component of service production (Crosby and Stephens 1987). Given the implicitness of how consumers can contribute negative value to the co-creation process, Ple and Chumpitaz (2010) believe it is possible for the inverse possibility of value co-creation, in which they coined the term value co-destruction. They define value co-destruction (VCD) as a service systems interaction in which there is a decline in at least one of the systems' well-being.

Based on S-D logic, most service systems presumably intend to co-create value through their interactions. However, Ple and Chumpitaz (2010) explain that the decline in at least one of the systems' well-being results from the misuse of resources during the interaction between different service systems, where one system can misuse its own resources and/or the resources of the other service system, or both service systems. This misuse of resources can be accidental or intentional (Ple and Chumpitaz 2010). For example, in a role conflict between a frontline employee and his customer, there may be competing expectations with one another, which result in an accidental misuse of resources. In contrast, intentional misuse of resources is a deliberate, conscious effort of
value imbalances that may have diminution effects (value co-destruction) for one of the service systems, while the other system may experience benefits (value co-creation).

Nevertheless, Ple and Chumpitaz (2010) did not empirically examine their conceptual model and fail to explain how VCD results in a decline in the well-being of either service systems or through what kind of resources. In addition, there are no measurements of VCD to date underlying the functions that motivate consumers to diminish value. More importantly, consumers do not enter the marketing exchange to intentionally destroy value according to S-D logic. That is, if resources are applied the wrong way, then the value potential is not realized from the dyad. Therefore, this author challenges Ple and Chumpitaz’ (2010) definition of value co-destruction and suggests that value co-destruction is the opposite of value co-creation according to S-D logic. As such, value co-destruction refers to the decline in value created together by a provider and consumer from their interactions and experiences that result in resource disintegration. For example, while consumer participation is an essential part of value co-creation, value co-destruction could result from too much or high participation.

Subsequently, Smith (2013) empirically investigates Ple and Chumpitaz’ concept of VCD utilizing a critical incident technique. She examines how firms fail to integrate and/or apply resources as expected by customers and this resulted in a decline in their well-being. However, all the respondents attributed their losses of resources to the firm, such as overcharging or excessive waiting times, and not to their own self. Furthermore, while Smith (2013) was able to differentiate the types of resources applied the wrong way that directly relate to loss of well-being, she does not delineate whether these behaviors were intentional or unintentional.
Therefore, drawing from the services marketing, consumer misbehavior, social psychology, and organizational behavior literature, this research attempts to develop the notion of VCD through qualitative and empirical examinations. In addition, this study will examine VCD from the perspective of the consumer attributing their own behaviors and predispositions of resource disintegrations.

**Purpose of the Study**

This dissertation further contributes to the discussion of value co-creation by examining its opposite possibility, value co-destruction (VCD). Such a holistic view of co-creation is necessary in the marketing and service literature. Furthermore, a conceptual model of VCD is proposed, which takes into account the interaction between the consumer and the firm, and their role in the co-destruction. An important goal of this research is to examine what factors or characteristics encourage VCD in order to bridge the gap between training for the firm and service recovery, as determinants and predispositions of VCD have yet been studied.

As such, this research will focus on the consumers’ perspective and their own actions, resources, and outcomes of VCD. While an extensive foray into how both the consumers’ and firms’ interactions result in VCD would be interesting, such an ambition would be outside the scope of this dissertation. Thus, the focus will be solely on the consumers’ role in VCD and the factors or characteristics that encourage consumers to behave badly in a service encounter. In addition, this research will extend the value creation literature by exploring potential antecedents and dynamics of VCD through intentional vs. unintentional resource disintegrations. In doing so, implications will be put
forth on how can firms reduce the risks of resource disintegrations and recover from these service failures.

Research Questions

From the preceding discussions, it can be argued that consumers are not always “right” and can contribute negative value to their own service experience. In addition, service-dominant (S-D) logic argues that consumers are always co-creators of value (Vargo and Lusch 2004, 2008a). However, it is possible that value co-creation can have adverse consequences. Thus, using value creation and S-D logic as a foundation, this dissertation will explore the following questions:

1. What type of behaviors do consumers engage in during value co-destruction (VCD)?
2. What is VCD like in professional services, in which consumers may find impossible to evaluate even after purchase and consumption (e.g., appendix surgery), from the consumers’ perspective?
3. If there are different types of behaviors in VCD, then is there a difference between unintentional vs. intentional behaviors?
4. What kind of resource disintegrations is found in service encounters particularly with high credence properties?
5. What are the factors or characteristics that encourage VCD within a professional (e.g., medical, financial, legal) service context, which are customized, high contact, and high in credence properties?
6. What are the outcomes of value co-destruction in a professional service context?
Contributions

The current research will put forth contributions to the conceptual, methodological, and substantial domains of marketing. First, while value co-creation has received much attention in the literature, the marketing literature does little to describe how consumers contribute negative value to the co-creation process. Therefore, this research will lead to several advancements of VCD that can benefit both the marketing thought and practice. What's unique about this research is that it repositions the co-creation interaction using a negative outcome as the dependent variable, which has not been seen much in the services literature. As such, to the author’s knowledge, this research will be the first to examine possible determinants and outcomes of VCD.

In addition, in response to Harris and Reynolds’s (2003) call for future research in explicitly focusing on involuntary dysfunctional customer behaviors as well as Ple and Chumpitaz' (2010) call for further study on the antecedents and dynamics of VCD, this dissertation also develops a typology of value destruction through resource disintegration that will allow researchers and practitioners to conceptualize, understand, and organize examples of VCD and potential causes of VCD. The proposed typology not only allows both researchers and marketers to understand critical service encounters, but also stimulates further development of the underlying mechanisms of VCD.

Furthermore, the intentionality of the destruction in the consumer service system will be examined and thus, will extend the services marketing literature. This will pioneer a path into VCD and allow a firm foundation for researchers to continue exploring VCD from an unintentional vs. intentional aspect. The results of this research will also deepen the understanding of the existing co-creation and S-D logic literature by identifying
possible determinants and predispositions of VCD. Specifically, this research suggests that VCD is due to a variant of behavioral (e.g., consumer participation) and psychological (e.g., personality traits) components. Consequently, this research will show corresponding empirical results of the consequences of VCD. Particularly, this research investigates consumers' satisfaction, recommendation, and co-creation intentions after a VCD incident.

Lastly, this research contributes to the methodological domain of marketing by employing a multi-method approach. First, a qualitative study is carried out to determine what different behaviors and predispositions consumers engage in, and the multitude of reasons how and why they co-destruct their own value in service consumption. The results of this qualitative, exploratory study are then used to help develop research hypotheses and create the experimental design proposed in Chapter Four.

**Organization of the Study**

Chapter Two reviews the relevant literature in the context of value co-creation, consumer misbehavior, and potential antecedents and consequences of value co-destruction. The proposed conceptual model and research questions and propositions are also presented in Chapter Two. The multi-method research design, measurement, and analysis to be used are presented in Chapter Three. Chapter Four will discuss the critical incident technique results, and thereafter, the development of the research hypotheses and the tests of the model. Finally, Chapter Five will discuss the conclusions to be drawn from the results as well as the implications of the results and limitations of the study.
CHAPTER TWO

LITERATURE REVIEW AND PROPOSITIONS

This research proposes a model of value co-destruction (VCD), the opposite possibility of value co-creation. Because VCD is relatively a new phenomenon and has yet to be examined empirically, this research draws from related literature to form a potential model of VCD. In doing so, this research offers possible antecedents and consequences of VCD in a professional service context. In order to provide a holistic view of the paradigm, this chapter will review the literature on value co-creation, consumer misbehavior, VCD, and psychological factors associated with misbehavior. The value co-creation literature includes a discussion of value creation and its key frameworks, service-dominant logic, and the consumers’ and firms’ role in value co-creation.

Drawing from related literature in consumer misbehavior, services marketing, social psychology, and organizational behavior, this research attempts to develop the notion of VCD by examining resource disintegrations and its intentionality, personality traits, and state of mind linked to misbehavior. In addition, this study will examine VCD from the perspective of the consumer attributing their own behaviors and predispositions of resource disintegrations. Following these reviews, the research questions and propositions will be presented. The research questions and propositions cover two major
areas. First, the research question concerning the critical incident technique will be put forth. Then the propositions concerning all the other discussed concepts will be presented.

**Literature Review on Value Co-Creation**

As marketing thought and exchange progress, being customer friendly is not enough. Companies must learn, adapt, and work with consumers to engage with and create value for them. This collaboration, however, calls for consumers’ to be involved in the co-creation process in order to be successful. Bendapudi and Leone (2003) contend that the next forefront of competitive advantage may be consumer participation and that it echoes the transition from a goods-centered to a service-centered logic of marketing (Vargo and Lusch 2004, 2008a). The service-dominant logic (S-D logic) considers consumers as active co-creators rather than as passive receivers of value (2004, 2008). The premise behind value co-creation is especially prominent among services firms that have high credence, interaction, and personalization (Bitner and Brown 2008).

For example, healthcare is a professional service with credence properties, meaning consumers may find impossible to evaluate even after purchase and consumption (Zeithaml, Bitner, and Gremler 2013). Physicians meet and work with patients to identify problems and provide potential solutions to their needs. However, few health consumers may possess medical skills sufficient to evaluate whether this service is necessary or performed properly, even after they have been prescribed and produced by the provider (Zeithaml, Bitner, and Gremler 2013). As such, Chan, Yim, and Lam (2010) argue that consumer participation should result in higher service quality, individual
customization, and control for consumers (Xie, Bagozzi, and Troye 2008); and higher firm satisfaction and efficiency (Lovelock and Young 1979).

In addition, a consumer’s role in the value creation process can include several tasks to achieve a certain goal(s). A fundamental component of a consumer’s capability in achieving these goals is the amount of knowledge and skills or operant resources that consumers can use and obtain (Normann 2001). Payne, Storbacka, and Frow (2008) argue that if providers want to improve their competitive effectiveness, they have to develop mechanisms to consider the consumer’s knowledge and capabilities or to encourage the consumer to utilize his resources efficiently and effectively. S-D logic stresses that knowledge is a significant operant resource (Vargo and Lusch 2004, 2008a) and Mokyr (2002) maintains that this prescriptive knowledge, the skills and competences that firms and consumers can use, provides a competitive advantage for the firm.

**Co-Creation Background**

The shift from a firm-oriented to a customer-oriented approach rooted from Lovelock and Young’s (1979) customer participation and Kotler’s (1986) prosumption seminal work. Since then, value co-creation has been viewed from different perspectives including a holistic approach (Prahalad and Ramaswamy 2000); co-production (Bendapudi and Leone 2003); and service-dominant (S-D) logic (Vargo and Lusch 2004). According to Payne, Storbacka, and Frow (2008), there is extensive research on co-creation highlighting S-D logic (e.g., Etgar 2006; Jaworski and Kohli 2006; Oliver 2006), including their own conceptual framework on managing the co-creation of value. In addition, Edvardsson, Tronvoll, and Gruber (2011) expand the co-creation literature by applying concepts from social construction theories to S-D logic. Prahalad and
Ramaswamy (2004) define co-creation as the value created together by a provider and consumer and thereby, allowing the consumer to interact and construct their experiences. For example, more than 70 million health consumers have visited the WebMD website for health issues and more than 500 cancer-support chat rooms have been created (Prahalad and Ramaswamy 2004). As expressed by Crie and Chebat (2013), the reality of health consumers is they are more involved and active, unlike the traditional view of a passive patient or consumer. Crie and Chebat also argue that the quality of a health experience is reliant on consumers’ involvement with health providers, in which it varies from patient to patient depending on how each consumer chooses to co-create his or her own experience.

According to Chan, Yim, and Lam (2010), value can be the consequence of the consumer’s quantifiable benefits in an exchange, such as having a more customized service, minus the costs or effort expended (Ramirez 1999; Zeithaml 1988). However, value may also result from non-economic benefits. Vargo and Lusch (2004) argue that the co-creation of value implies that exchange is relational, e.g., the bond between a patient and physician. In a similar vein, Johar (2005) concludes that when determining value, people sometimes consider social norms rather than maximize their economic utility. This is consistent with Ferrell and Zey-Ferrell’s (1977) notion that economic exchange involves costs and benefits that can be measured in quantitative terms, whereas social exchange involves costs and benefits more vague and unique. Given the various perspectives of how value can be created, the current research adopts Babin and James’s (2010) and Zhuang, Babin, and Tran’s (2014) notion of value-in-experience rather than the viewpoint of value-in-use. Here value is obtained from the experience (e.g., service
encounter or post-consumption) and not just from any product or transaction. Similarly, Mele and Polese (2011) refer value-in-experience as resources to be shared and exchanged by all parties to achieve certain goals. Thus, co-creation experience is a result of resource integration and interactions. As value is embedded within co-creation experience (Ramaswamy 2011), value-in-experience is denoted as an experience that is shared and beyond a linear function where firms can only produce value propositions. In comparison, value-in-use refers to value for customers that is created during the use of resources (Gronroos and Ravald 2011). As such, Ramaswamy (2011) argues that value-in-use does not reflect the meaning of value creation, as value is embedded within human experiences.

**Consumer Participation**

Research on customer participation dates at least back to Lovelock and Young’s (1979) work, in which customer participation was vital to the firm’s productivity. According to Assael (1981), traditional views hold that consumers are highly involved when they (1) seek to maximize their satisfaction, (2) are actively looking for information, (3) are likely to be influenced by reference groups, (4) are likely to express their lifestyle and personality in their brand choice, and (5) process communication cognitively (Laurent and Kapferer 1985). When consumers are highly involved, they should engage in a number of these behaviors. When they are not so highly involved, consumers should lack these behaviors. In a similar vein, Chan, Yim, and Lam (2010) describe consumer participation as a behavioral component in which consumers share information, make suggestions, and become involved in decision-making. Consequently,
consumer participation encourages providers to customize services and solutions with consumers to meet their needs, thus co-creating value.

In addition, consumer participation is more prominent among services high in credence, interaction, and personalization (Bitner and Brown 2008), and offer greater value creation opportunities for firms and consumers in professional (e.g., financial, legal, medical) services that feature high credence qualities, high degrees of customization, and high interdependence between consumers and firms for co-creating favorable outcomes (Auh, Bell, McLeod, and Shih 2007; Lovelock 1983; Sharma and Patterson 2000). Therefore, the co-creation between consumers and providers may lead to positive consequences (Auh et al. 2007; Sharma and Patterson 2000). It is worth noting, however, that not all consumers may want to participate in co-creation. Some consumers prefer self-service, while others enjoy having the service performed entirely for them. There may also be individual differences or a lack of motivation to participate (Zeithaml, Bitner, and Gremler 2013). In the context of healthcare, excessive patient involvement can raise patients' stress levels and complex decision situations often lead patients to rely on their feelings or emotions in decision-making (Crie and Chebat 2013). Furthermore, Zhuang (2010) argues that the level of customer participation varies depending on the type of exchange and the amount of consumer and firm participation involved. As such, customer participation may be productive or destructive in the exchange process.

Therefore, consumer participation is to be expected in service delivery and co-creation (Zeithaml, Bitner, and Gremler 2013). Because they participate, consumers are indispensable to the production process of service organizations, and they can actually control or contribute to their own satisfaction. The level of consumer participation in co-
creation and co-production varies depending on the knowledge and skills of the consumer as well as the complexity of the task that needs to be handled. Bitner et al. (1997) identified three levels of consumer participation in service delivery. Similarly, Zeithaml, Bitner, and Gremler (2013) explain that the level of consumer participation – low, medium, and high - differs across services and across consumers and situations. As such, the amount of participation the consumer provides alters the roles which he or she must play. If the consumer contributes a low level of participation to the co-creation experience, the consumer will assume fewer roles, while the firm will assume more roles. If the consumer contributes a high level of participation, then he or she will assume more roles.

Consequently, a low level of participation only requires the consumers’ presence in service delivery, a moderate level of participation requires consumers’ inputs in order for the service to be delivered, and a high level of participation involves the consumer as a co-creator of the product or service (Zeithaml, Bitner, and Gremler 2013). At any level, the effectiveness of consumer involvement will ultimately impact satisfaction. Effective consumers participation can increase the likelihood that needs are met and that the benefits the consumer seeks are actually attained. Services such as health care, education, personal fitness, and weight loss are highly dependent on consumer participation. Thus, in a high level of participation, consumers are truly co-creators of value (or at least attempt to create value). In these services, unless the consumers perform their roles effectively, the desired service outcomes are not possible (Zeithaml, Bitner, and Gremler 2013). Here, value depends on both the consumer and provider being “right.”
Service-Dominant Logic

Emerging paradigm shifts in marketing from a goods-dominant logic to a service-dominant logic led to the rise of the service-dominant (S-D) logic. Since the introduction of a new dominant logic, research on S-D logic has focused on co-creating the voice of the customer (Jaworski and Kohli 2006); satisfying expectations (Oliver 2006); a cost-model for co-production (Etgar 2006); supply chain issues and value chain management (Flint and Mentzer 2006); and marketing strategy effectiveness and operations efficiency (Kalaignanam and Varadarajan 2006). According to Vargo and Lusch (2016), S-D logic consists of 11 foundational propositions (FP) that affect the service exchange (for a review of the ten original FPs, see Vargo and Lusch 2004, 2008a). They define service as “the application of operant resources (knowledge and skills) through deeds, process, and performance for the benefit of another entity or the entity itself,” (Vargo and Lusch 2008b, p. 26). Unlike S-D logic, the goods-dominant (G-D) logic focuses on tangible resources and considers the firm as the creator of value, in which value is then transferred to the customer during the exchange. As such, G-D logic focuses on operand resources rather than operant resources. Operand resources are resources in which an act is performed to produce an outcome. Operant resources, however, are used to act on the operand resources (Vargo and Lusch 2004).

Foundational Propositions

One central aspects of the S-D logic is the exchange of service for service, the application of knowledge and skills – operant resources (FP1, Vargo and Lusch 2008a). Sweeney (2007) conveys that this exchange of operant resources is from both providers and consumers. In other words, the service provider offers operant resources, such as
expertise and experience, as consumers' knowledge and skills are also used in the value co-creation process, such as giving feedback on building a house or input on selective cosmetic surgery. Therefore, operant resources are the fundamental source of strategic benefit (FP4, Vargo and Lusch 2016).

Another foundational proposition features the importance of the value-creating process, in which value is co-created by multiple actors, always including the beneficiary (FP6) (Vargo and Lusch 2016). This implies that the process of value creation is interactional, where the consumer and the firm (actor to actor) jointly create value. However, actors cannot deliver value, but can participate in the creation and offering of value propositions (FP7). For example, firms cannot create and/or deliver value independently. It is up to the consumers whether they will accept the value propositions, which results in value-in-use if the consumer accepts and participates in creating value (Ballantyne and Varey 2006; Vargo and Lusch 2004, 2008a). Vargo and Lusch (2016) argue that value creation does not just take place through the activities of one actor (e.g., customer) or between a firm and its customers, but among an integration of actors. In addition, Babin and James (2010) and Zhuang, Babin, and Tran (2014) argue that value is obtained from the service experience and not from the operant resources only. That is, consumers accepting and participating in creating value should result in value-in-experience, not just value-in-use.

Furthermore, S-D logic highlights the significance of a service-centric view being inherently beneficiary oriented and relational (FP8) (Vargo and Lusch 2016). They argue that even though there are companies and consumers who would rather engage in transactions than in relationships, even discrete transactions come with social contracts
and warranties. "They are promises and assurances that the exchange relationship will yield valuable service provision" (Vargo and Lusch 2004, p. 12). Vargo and Lusch (2008a) maintain, "Value is idiosyncratic, experiential, contextual, and meaning laden," (p. 7). As such, value is uniquely and phenomenologically determined by the beneficiary (FP10). The receiver of benefits will determine the value derived from the exchange based on his or her experience and needs and wants.

**Theoretical Premises of Co-Creation vs. Co-Production**

Originally used interchangeably, a number of critics have argued that co-production and co-creation were two separate notions (Ballantyne and Varey 2006; Payne, Storbacka, Frow and Knox 2009; Vargo and Lusch 2004). Ballantyne and Varey (2006) argue that co-production and co-creation are two unrelated terms, where co-creation is the development of unique value through a unique idea, and co-production is the application of resources and capabilities to create something. That is, co-production was more of a goods-dominant logic term, as it implied that something had to be made. While there is a differentiation between co-production of value, which takes place within the production process preceding the usage stage, and co-creation of value, which takes place in the consumption stage, co-production is nested within the co-creation process (Etgar 2008; Vargo and Lusch 2008a). In other words, co-production is a component of co-creation of value. Value cannot be created individually or one-sided, but it always involves a combination of resources and an idiosyncratic determination of value. Therefore, the consumer is always a co-creator of value. In contrast, consumer involvement in co-production is optional and can vary from none at all to high consumer input (Vargo and Lusch 2008a).
Social Exchange Theory

Co-creation and co-production are rooted in social exchange theory. Social exchange theory explains that consumers seek to maximize the benefits they obtain relative to the costs they give up (Blau 1964). A social exchange is defined as the joint activity of at least two parties, where each party has something of value to offer the other party (Lawler 2001). People engage in social exchanges when they expect the benefits to justify the costs of participation. Benefits are both tangible and intangible and may include physical objects, psychological pleasure, and social gain. Costs may include harmful objects, or psychological and social punishments (Bagozzi 1974). As such, social exchange theory has been applied to economic exchanges where a service encounter is a form of social exchange (Solomon, Surprenant, Czepiel, and Gutman 1985).

In an economic setting, a social exchange exists when there is a close interaction between a consumer and a firm. These exchanges are dynamic, and the interaction between the consumer and firm is continuously evolving (Sierra and McQuitty 2005). Social exchange theory explores the nature of exchange between parties who depend on each other and share responsibility (Lawler 2001). Lawler (2001) maintains how the level of jointness (i.e., shared responsibility) in an exchange task affects ties and commitments in various forms of relationships. Recent studies in marketing have built on this notion, demonstrating that shared responsibility is a key component to creating value and encouraging consumer loyalty (Albinsson, Perera, and Sautter 2016; Sierra and McQuitty 2005; Sierra, Heiser, and McQuitty 2009).
Role Theory and Script Theory

Within the context of service encounters, norms are the basis of role theory that maintains humans behave dynamically, but predictably depending on their social identities and the situation (Biddle 1986). In line with co-creation and co-production, role theory is grounded on the premise that effective social interaction depends on a shared understanding of relationship rules (Grayson 2007). Role theory explains how the success of the co-production interaction depends on consumers and firms having a clear understanding of the expectations regarding their role. The expectations of the role determine how the individual will act and the individual will assume roles when it is clear to achieve their specific benefit objectives. Role theory also explains the co-creation phenomenon as it confirms why consumers and firms adopt certain roles to achieve their objectives in a value exchange. Because co-creation focuses on the interaction and experience of the involved parties (Ballantyne and Varey 2006), it pays critical attention to the roles played by the consumer and firm. All the actors in the exchange process work based on a script, which determines what is expected of them. As such, scripts are learned over a consumer’s lifetime by participation and observation (Abelson 1976; Nelson 1981; Solomon et al. 1985).

Script theory holds that if each participant can predict the other participant’s behavior, while having a clear understanding of his or her own behavior, the interaction will be successful (Solomon et al. 1985; Lefebvre and Ple 2011). In a similar vein, Bateson (2002) asserts that when two systems interact, directly or indirectly, each party has certain expectations in relation to its own role and to the role of the other party. Role and script theory, combined with the routine nature of many service encounters, suggest
that consumers and firms are likely to share a common perspective on service experiences. In S-D logic terms, following such a script enables the co-creation of value-in-experience through the appropriate integration and application of resources. In other words, value co-creation occurs when two service systems have congruent expectations of the way in which the available resources should be used in the course of their interactions (Ple and Chumpitaz 2010).

In contrast, if either participant does not have a clear understanding of his or her own behavior, the interaction will not be successful. Particularly, deviations from the script can come from the consumer, the firm, or both parties. These deviations may be positive, resulting in satisfaction (Bitner 1990; Smith and Houston 1983), or negative, which results in dissatisfaction (Alford 1998; Bitner, Booms, and Mohr 1994). As such, differences in the perspective may arise when 1) roles are less defined, 2) participants are unfamiliar with or unaware of the expected behaviors, or 3) subscripts are complex or less routine (Bitner, Booms, and Mohr 1994). As a result of this demarcation, consumer behavior is considered to be deviant when it violates the accepted standards or norms of an exchange (Fisk et al. 2010).

Roles in Co-Creation

As mentioned above, co-creation is grounded in role theory, as both the consumer and the firm assume various roles in the exchange, and their mutual expectations of each role and its influence on the outcomes of the experience (Vargo and Lusch 2004). Both parties perform the role of creating value and assume a variety of other roles over the course of the exchange. Roles differ depending on the level of the co-creation experience and/or application of resources (Vargo and Lusch 2004, 2008a).
Consumers' Role in Co-Creation

In general, the consumers' role in co-creation involves providing operant resources as well as assisting firms co-create the end product or service. Therefore, it is up to the consumer to accept the firm's offered value propositions and to transform it into value-in-experience (Gronroos 2008; Vargo and Lusch 2008a). Specifically, Zeithaml, Bitner, and Gremler (2013) provide three major roles played by consumers in service delivery: (1) consumers as productive resources, (2) consumers as contributors to quality and satisfaction, and (3) consumers as competitors. Consumer inputs can influence the firm's productivity through both the quality of what they contribute and the resulting quality and quantity of output generated. For example, family members who participate in caring for their loved ones in the intensive care unit at a hospital increase the quality of care and healthcare outcomes. As such, they increase productivity as family members participate as "partial employees" of a hospital, in which they contribute to the organization's productive capacity (Zeithaml, Bitner, and Gremler 2013). However, while consumer participation may enhance the experience and value for the consumer, participation may also be a double-edged sword as it may create job stress, and in turn, hinder job satisfaction for employees due to disruptions in the employees' standard work procedure (Chan, Yim, and Lam 2010).

Consumers also play the role as contributors to their own satisfaction and the quality of the services received. Consumers may care little about increasing a firm's productivity through their own participation, but they likely care a great deal about whether their needs are fulfilled. Thus, effective consumer participation can increase the likelihood that needs are met and that the benefits the consumer seeks are actually
attained. This is especially true for services such as healthcare, education, and weight loss, since the service outcome is highly dependent on consumer participation (Zeithaml, Bitner, and Gremler 2013). Interestingly, because consumers must participate in a co-created service delivery, they frequently blame themselves, or at least partially, when things go amiss. Self-serving bias contends when services resulted better than expected, consumers who participated tend to take credit for the outcome and are less satisfied with the firm than are those consumers who do not participate. However, when the outcome is worse than expected, consumers who chose to participate in service production are less dissatisfied with the service than those who chose not to participate (Bendapudi and Leone 2003). The attributions of success and failure arise may be rooted in attribution theory, which concerns with how people assign responsibility for events and the direction of the attribution (Amyx, Mowen, and Hamm 2000; Kelley 1967). Attribution theory maintains that people tend to assign causality for events, but they are even more compelled to do so for outcomes that are negative or unexpected (Folkes 1982).

The third role played by consumers is that of a potential competitor. Zeithaml, Bitner, and Gremler (2013) argue that if consumers can be viewed as "partial employees" they can also partially or entirely perform the service for themselves and not need the provider at all. By performing the service themselves, consumers in a sense are also competitors of companies who supply the same service (Lusch, Brown, and Brunswick 1992). Thus, a common dilemma for consumers (and firms) is whether to produce a service for themselves (internal exchange, i.e., home repair) or have someone else provide the service for them (external exchange) (Lusch, Brown, and Brunswick 1992; Zeithaml, Bitner, and Gremler 2013).
**Firms' Role in Co-Creation**

If consumers are the creators of value, then firms are the value facilitators. As the amount of consumer engagement increases, the greater the opportunity arises for firms to facilitate value for consumers (Gronroos 2008). That is, the firms' role in co-creation is to provide service activities and goods that facilitate deliver of quality services and thus, offer value propositions to consumers (Ballantyne and Varey 2006; Gronroos 2008; Vargo and Lusch 2008a). In addition, the firm can create the opportunity to become a value co-creator when it provides consumers with the opportunity to interact with them during consumption. Thus, successful co-creation is accomplished through the cooperation between individual boundary spanning employees and their consumers (Zeithaml, Bitner, and Gremler 2013).

**Value Framework**

According to Babin, Darden, and Griffin (1994), value is defined as a subjective assessment of the worth of some activity taking into account all one gets and all one gives. Value is realized only after the purchase as the evaluation of worth can only occur after the fact (Babin and James 2010). Thus, value results as an interaction of the firm and consumer and is derived by both the firm and the consumer (Babin and Harris 2009: Babin and James 2010; Vargo and Lusch 2008a). A simple way of understanding the consumers' and firms' role in co-creation of value is the function of “get” and “give” components (Babin and Harris 2009; Babin and James 2010). This “get” and “give” notion parallels S-D logic and the exchange of operant resources. During the service consumption, the “get” and “give” components of value are exchanged. Typically, the “get” components are the benefits obtained from the service including convenience and
quality. The “give” components are resources invested in the co-creation process such as the time and energy participating in the service. However, high levels of involvement also mean emotions are invested into the process. As such, as consumers become more engaged, the “give” and “get” components become even more blurred (Babin and James 2010).

**Hedonic vs. Utilitarian Value**

Value has been defined and conceptualized from both a unidimensional and multi-dimensional perspective. Generally, value is operationalized as a unidimensional construct. Zeithaml (1988) offered four descriptions of value each viewed from the perspective of the consumer. First, value is equivalent to price, such that a low price means high value, so offering consumer discounts can create value. Second, Zeithaml (1988) states value is achieved by the benefits consumers receive from consumption. Here, consumers weigh out the options and arrive at a decision based on the perception of product usefulness. Third, value has been defined as the result of the quality performance received less the price paid. Consumers receive benefits here in the form of quality key attributes weighed against the price of offering. Lastly, Zeithaml (1988) conceptualizes value as the overall “give” components compared to the “get” factors. As such, the last conceptualization, in which a consumer weighs all he or she receives against all he or she gives up, gave rise to a multi-dimensional construct of value (Babin and James 2010).

Value has gained increasing attention as a multidimensional concept since Zeithaml’s (1988) fourth definition of value and support for utilitarian and hedonic components of consumption have been supported in the marketing literature (e.g., Babin, Darden, and Griffin 1994; Batra and Ahtola 1990; Holbrook and Hirschman 1982). In
particular, Babin, Darden, and Griffin (1994) propose a multi-dimensional personal shopping value consisting of two dimensions: utilitarian value and hedonic value. The utilitarian component relates to task completion. In other words, utilitarian value results when a consumer evaluates a consumption activity as successful in that a desired end result is achieved (Babin and James 2010). In a medical context, this is exemplified when a consumer purchases a prescription that initially motivated the pharmacy visit. Typically, surprises, distractions, delays, and interruptions work against utilitarian value (Babin and James 2010). In contrast, hedonic value results when the act of experiencing a consumption activity is in and of itself gratifying, which is related to more experiential responses, such as a pleasant doctor’s visit for a physical exam. In addition, this value can result from certain emotions accompanying the interaction between a consumer and the experience, such as excitement, fun, and playfulness.

Babin, Lee, Kim, and Griffin (2005) extended the personal shopping value into the service domain resulting in a consumer service value concept. Results of the Babin et al. study find that both utilitarian and hedonic value exist in the service experience. Services are often defined and evaluated on both functional and affective qualities. Babin et al. (2005) found that functional qualities were associated with utilitarian value and affective qualities were associated with hedonic value, and both equally contributed to consumer satisfaction and word-of-mouth. Thus, service creates value, and value is by extension, the end result of service (Babin and James 2010). Furthermore, Babin and James (2010) contend that utilitarian value and hedonic value are not mutually exclusive. These dimensions do not have an inverse relationship, and while a firm can provide
expertise in providing consumers with “get” components, utilitarian value does not exclude hedonic value and vice versa.

**Literature Review on Co-Creation Process, Behavior, and Outcomes**

Since the inception of the S-D logic, slow progress has been made on how to manage or operationalize the co-creation process. However, researchers have developed a process or framework on how consumers engage in value co-creation (Etgar 2008; Payne, Storbacka, and Frow 2008; Prahalad and Ramaswamy 2004) and empirically measured co-creation (Albinsson, Perera, and Sautter 2016; Yi and Gong 2012). For instance, Prahalad and Ramaswamy (2004) introduced the Dialogue, Access, Risk Assessment, and Transparency (DART) model as building blocks of value co-creation. In addition, Etgar (2008) provided a model of customer co-production progress through five stages. The model explains the five stages a customer goes through when participating in co-production. While there is a differentiation between co-production of value, which takes place within the production process preceding the usage stage, and co-creation of value, which takes place in the consumption stage, co-production is argued as nested within the co-creation process (Etgar 2008; Vargo and Lusch 2008a). Furthermore, Payne, Storbacka, and Frow (2008) proposed a conceptual framework on how to manage the co-creation process, and Albinsson, Perera, and Sautter (2016) and Yi and Gong (2012) developed a scale to measure co-creation behaviors.

**DART Model**

Prahalad and Ramaswamy (2004) introduced four building blocks of co-creation termed DART (Dialogue, Access, Risk Assessment, and Transparency). They argue that
these building blocks are effective means for interactions between consumers and firms. The first building block, Dialogue, consists of the creation of shared meaning (Prahalad and Ramaswamy 2002). In other words, Dialogue implies interactivity, engagement, and the ability and willingness to act on both sides (Prahalad and Ramaswamy 2004). Therefore, Dialogue must center on issues of interest to both. Dialogue implies the consumers and firms that are continuously exchanging ideas to be equals (Albinsson, Perera, and Sautter 2016). However, Dialogue is difficult to achieve without Access and Transparency to information.

The second building block, Access, facilitates Dialogue and requires firms to optimize when, where, and how consumers are provided the opportunity to co-create value with the service provider. As such, firms must provide tools and information or operant resources for consumers in order to create and deliver value propositions (Albinsson, Perera, and Sautter 2016). Risk Assessment, the third building block, considers the outcomes of the exchange process or the probability of harm to and from the consumer (Albinsson, Perera, and Sautter 2016; Prahalad and Ramaswamy 2004). While the responsibilities of the firm and consumers for risk management will always be debated, consumers will insist that firms inform them fully of all the risks associated with the products and/or services when they participate in the co-creation process. Prahalad and Ramaswamy (2002) maintain that as consumers become more involved in the value co-creation, they may be willing to take on more responsibility for risks if companies are transparent about the risks associated with the products and/or services. In a similar vein, Albinsson, Perera, and Sautter (2016) argue that consumers, as value co-creators, are in part responsible for outcomes. Bendapudi and Leone (2003) also share this viewpoint as
they found that consumers were willing to take more responsibility for an outcome when they are offered an opportunity to participate.

Lastly, the fourth building block is Transparency, which focuses on the firm sharing information with the consumers. The DART model is significantly different from the traditional firm-centric model where firms benefited from keeping certain information from consumers. As such, Albinsson, Perera, and Sautter (2016) consider these four building blocks critical for meaningful value co-creation, as it is important for firms to evaluate the degree to which they co-create value with their consumers, and the conditions under which value co-creation is enhanced and diminished. However, while the DART model has been applied to different concepts, the DART model is limited by a lack of empirical examinations. One exception is Albinsson, Perera, and Sautter’s (2016) DART scale measuring consumer value co-creation; however, the generalizability and usefulness of the DART scale in their study are limited, as the use of student samples suggests that the study is somewhat exploratory. In addition, while Albinsson, Perera, and Sautter (2016) recognize that they are conditions in which value co-creation is diminished; they do not elaborate what those conditions are and how it affects the co-creation process.

Five Stages of Co-Production

In order to have a deeper understanding of how consumers decide whether or not to engage in co-production or co-creation, Etgar (2008) presents a model of consumer engagement composed of five stages: 1) antecedents to participate, 2) consumer motivations to participate, 3) costs/benefits of participating, 4) actively participating, and 5) output generation and evaluation of results (see Figure 2.1).
Figure 2.1 Five Stages of Co-Production Adapted from Etgar (2008)

Essentially, the model provides firms with a way to segment their market according to how willing and able their customers participate in the co-production process. In the first stage, Etgar (2008) argues that the antecedents of participation include macro-environmental conditions, consumer-linked, product-linked, and situation-linked conditions. Macro-environmental conditions consist of economic, cultural, and
technological factors. Some consumers are more disposed to engage in co-production than others due to the use of operand and operant resources, such as time and capacity. As such, consumers who are more skilled than others are likely to engage in co-production. Product-linked factors consist of product characteristics and brand personality, and situational-linked factors include the importance of trust, lack of opportunistic behavior, and empathy.

The second stage, motivations to participate, consists of economic, psychological, and social drives that encourage consumers to participate in co-production. Etgar (2006) argues that cost reduction and risk reduction can be major motivators. Cost reduction may be achieved by replacing more expensive resources with the use of the lower cost resources. Risk reduction includes physical, financial, psychological, performance, social, and time-related risks (Etgar 2008; Stone and Gronhaug 1993). Etgar (2008) argues that many consumers may dislike the high levels of anxiety that deliver uncertainties to their psyche and use risk reducing mechanisms (Bauer 1967; Dowling and Staelin 1994). As such, co-production can reduce these risks by enabling direct control over the production process. However, at the same time, co-production can create its own risks. Etgar (2008) maintains those might reflect the dangers of mis-performance of relevant tasks by the consumer due to lack of required skills, the threats of potential conflicts with the performance partners, or dangers of legal entanglements and complications. For example, consumers may botch the carpet installation in their homes (e.g., not removing their furniture before the installers arrive to install new carpet), creating both performance and financial risks as well as harming their self-esteem.
In addition, consumers may decide to participate in production activities because the very act of participation and performance of the relevant tasks can yield experiences that provide psychological benefits independently of the nature of the goods or services created in the process. These psychological motivations can take the form of intrinsic and extrinsic values. Intrinsic values occur when the experience is valued for its own sake, such as enjoying the shopping experience. Extrinsic values occur when the experience is a means to an end, such as when the experience allows the customer to perform well. The third motivation is social benefits, in which consumers look for status and self-esteem enhancing benefits when making a purchase decision. Consumers’ desire for control, which refers to both the inherent feeling of being able to dominate one’s own environment, as well as, the need to be able to determine the final outcome of products and services one is about to use, is another important social benefit.

The third stage of the co-production process consists of the consumer performing a cost-benefit analysis of participating, where the benefits are weighed against the costs of participation. Consumers may incur economic costs, in which customers use their own material resources as well as their own time when participating, or incur non-economic costs, which include psychological and social costs such as loss of freedom, mis-performance of tasks, risk of opportunism, and social stigmas. The fourth stage is the act of participating in co-production, where consumers choose the levels of the production-consumption activities chain in which they want to participate (e.g., consumption, distribution and logistics, assembly, construction, design, and/or initiating phases). The last stage of the co-production process is the evaluation of results. Here, consumers compare the values received with the goals set up in the second stage of the process.
In sum, Etgar (2008) developed a model that presents consumer co-production as an active and dynamic process consisting of five stages. However, the model makes the assumption that consumers always want to contribute positive value when participating and does not address the possibility that participating or participating too much in the co-production process may destroy value for the consumer and/or the provider. This assumption is evident in Bendapudi and Leone’s (2003) study as they found increased customer participation in co-production could have negative psychological outcomes for consumers. In the same way, Duncan and Moriarty (2006) argue that negative value can be the result of faulty participation and/or misperception. While Etgar (2008) maintains that co-production can create its own risks, such as the carpentry botch example, Etgar spoke in terms of risk assessment and not necessary as a value outcome.

Managing the Co-Creation of Value

From the S-D logic perspective, Payne, Storbacka, and Frow (2008) put forth a process-based conceptual model of understanding and managing value co-creation. The three main processes include customer value creating, supplier value creating, and encounter processes that interconnect and are recursive in nature. Each of these processes is divided into further components illustrated in Figure 2.2. The arrows pointing in both directions highlight the interactive nature of encounters. For instance, arrows between the customer processes and customer learning indicate that the consumer engages in a learning process based on the experience that the consumer has during the relationship. In turn, customer learning has an impact on how the consumer will engage in future value co-creation activities with the firm. Similarly, the arrows between the supplier processes and organizational learning indicate that as the firm learns more about the consumer,
more opportunities become available for the firm to further improve the design of the relationship experience and enhance co-creation with consumers.

![Conceptual Framework for Value Co-Creation (Payne et al. 2008)](image)

**Figure 2.2 Conceptual Framework for Value Co-Creation (Payne et al. 2008)**

Customer value creating processes include a series of activities performed by the consumer to achieve a particular goal. One key aspect of the consumers' ability to create value is the amount of information, knowledge, skills, and other operant resources that they can access and use (Normann 2001; Vargo and Lusch 2004, 2008a). As such, customer value creating processes should be viewed as dynamic, interactive, non-linear, and unconscious. Within the customer processes, Payne, Storbacka, and Frow (2008) consider three elements in the relationship experience including: 1) cognition, 2) emotion, and 3) behavior. These elements are viewed in a broader sense in which both information-processing and experiential approaches are utilized.

Supplier value creating processes are the processes, resources, and procedures that suppliers use to manage co-creation activities and all stakeholders and customers
participating in those activities. This involves co-creation opportunities, planning, testing, and prototyping value co-creation opportunities with customers; implementing customer solutions and managing customer encounters; and developing metrics to assess value propositions. Organizational learning is necessary for the firm to develop skills, knowledge, and competencies that can be used to gain a competitive advantage and produce a better relationship experience (Payne, Storbacka, and Frow 2008).

The encounter process involves a series of two-way interactions and transactions occurring between the consumer and the firm. Encounters are also referred to by other terms including “touchpoints” and “contacts” (Duncan and Moriarty 2006; Gronroos 2004, 2006), which can occur initially from the consumer, the firm, or both. Managing the co-creation of value in customer experiences involves determining which channels consumers might use and the types of encounters inherent within them, as different types of encounter will impact consumers differently (Payne, Storbacka, and Frow 2008). Therefore, not all encounters are equally important for value co-creation. Some encounters are necessary for building customer experiences, while others may be more essential for value co-creation. The latter are sometimes called critical encounters (e.g., Gremler 2004) and can be positively or negatively critical. For instance, in a healthcare context, visiting a family doctor for a physical exam constitutes a regular encounter, which supports value co-creation. However, a fault in scheduling may result in a frustrated patient due to a long wait time for his appointment, but is unlikely to cause the patient to change providers. On the other hand, having cosmetic surgery may be a very critical and emotional encounter for a patient. Payne, Storbacka, and Frow (2008) argue
that it is important for firms to identify opportunities for positive critical encounters and focus their resources on ensuring such encounters are delivered in a reliable manner.

Overall, Payne, Storbacka, and Frow (2008) conceptualize a process-based view on how firms can manage co-creation highlighting the importance of each encounter between the consumer and the firm. However, it should also be important for firms to identify training and recovery efforts for negative critical encounters. As such, the framework does not explain how to manage consumer and/or firm value-destroying processes. According to customer value theory, devaluing, in which judgments become more negative over time, will likely occur at some point over the life of a consumer's interaction in a particular product or service offering (Woodruff and Flint 2006).

Measuring Co-Creation Behaviors

To date, only two scales have been developed to measure co-creation (Albinsson, Perera, and Sautter 2016; Yi and Gong 2012). Yi and Gong (2012) argue that customer value co-creation behavior is a multidimensional construct consisting of two higher-order factors, customer participation and customer citizenship behaviors. Customer participation behavior refers to behaviors that are required (in-role) for the service delivery to be successful, and includes the elements of customers looking for information, sharing information, responsible behavior in terms of recognizing their duties as partial employees, and personal interactions between them and employees necessary for co-creation to take place. Customer citizenship behavior (extra-role) includes customer feedback provided to employees, advocacy in terms of recommending the suppliers to others, helping other customers, and tolerance when service delivery does not meet customer expectations. As such, Yi and Gong (2012) maintain that their scale captures all
related domains of customer behavior across service industries and useful for firms to evaluate and reward customer performance.

Albinsson, Perera, and Sautter (2016) also consider co-creation as a multifaceted construct; however, they argue that co-creation has four dimensions. Based on Prahalad and Ramaswamy’s (2004) DART model of value co-creation, Albinsson, Perera, and Sautter develop and validate a scale involving the four building blocks of co-creation: dialogue, access, risk assessment, and transparency. The DART scale provides an important step in operationalizing value co-creation from the firm’s perspective; however, Albinsson, Perera, and Sautter found that their research did not support a positive effect of co-creation on loyalty. Self-serving biases may have played a part in their study because co-creation may create these biases in relation to high customer participation (Bendapudi and Leone 2003). In other words, consumers who are very involved in the co-creation process may attribute greater responsibility for success to themselves, and in turn, devalue the relationship with the provider.

The two scales developed to measure co-creation behaviors have much to be commended given the dearth of empirical studies on measuring co-creation. However, Albinsson, Perera, and Sautter (2016) and Yi and Gong (2012) imply all these co-creation behaviors as positive ones and did not consider negative behaviors to co-creation or how to measure co-creation behaviors that result in negative outcomes. That is, unsatisfactory service encounters may result from inappropriate consumer behaviors, the notion that consumers are not always right (Bitner, Booms, and Mohr 1994). Therefore, it is vital to understand the other side of the coin to value co-creation.
Summary

The building blocks of co-creation by Prahalad and Ramaswamy (2004), the consumer co-production process by Etgar (2008), the conceptual framework of managing the value co-creation by Payne, Storbacka, and Frow (2008), and the scale development of co-creation by Albinsson, Perera, and Sautter (2016) and Yi and Gong (2012) collectively provide the big picture of the co-creation experience. However, co-creation does not always create value for the consumer and service provider, as it can also intentionally or unintentionally destroy value for them. As such, the aforementioned frameworks fail to explicitly examine the negative side to value creation, the risks that are associated with co-creation, and how these risks may affect a consumer’s perception of the co-creation experience. Therefore, the current research explores the negative side to value co-creation, value co-destruction, and how co-creation does not always create value for the consumer and the firm, but also can intentionally or unintentionally diminish value for them.

Literature on Value Co-Destruction

Given the dearth of literature on value co-destruction (VCD), this research draws relevant literature from consumer misbehavior, services marketing, social psychology, and organization behavior to develop potential antecedents and consequences of VCD (see Figure 2.3). By exploring these possible determinants and outcomes of VCD, a qualitative study will confirm these notions and may reveal specific factors related to VCD that have not been found in previous literature.
Figure 2.3 Potential Conceptual Model of Value Co-Destruction Process
**Consumer Misbehavior**

All too frequently service providers and even other-customers know that the customer is not always right. It is common that consumers seem disinclined to follow organizational rules and norms that prescribe compliance during a service encounter (for a review see Fisk et al. 2010). This notion of consumer misbehavior is a relatively new research area in service dynamics. However, other disciplines, such as social psychology (Cohen 1966; Festinger and Carlsmith 1959; Fullerton and Punj 1993; Moschis and Cox 1989) and organizational behavior (Ford and Richardson 1994; Paternoster and Simpson 1996), have studied consumer misbehavior or dysfunctional behaviors for years. The issue at hand is the variety and divergence of lexicons with consumer misbehavior. For instance, popular terms of consumer misbehavior include deviant consumer behavior (Moschis and Cox 1989), aberrant consumer behavior (Fullerton and Punj 1993), jaycustomers (Lovelock 1994), problem customers (Bitner, Booms, and Mohr 1994), and dysfunctional customer behavior (Harris and Reynolds 2004; Fisk et al. 2010).

On the one hand, Fullerton and Punj (1997) consider consumer misbehavior as externally directed, overt acts. On the other hand, Harris and Reynolds (2004) include covert and unintentional acts of consumer misbehavior in their definition, “actions by customers who intentionally or unintentionally, overtly or covertly, act in a manner that, in some way, disrupts functional service encounters” (Harris and Reynolds 2003, p. 145). The epistemology of consumer misbehavior mentioned here is by no means exhaustive, however, the lack of agreement in the literature leads to few empirical studies and little consistency on how service firms should deal with consumer misbehavior. This discrepancy is demonstrated in Fisk et al.’s (2010) overview of dysfunctional customer
behavior where intentional vs. unintentional, overt vs. covert, and the like are demarcated one in the same.

Another disagreement in the literature is the perspective of consumer misbehavior. Some research defines dysfunctional consumer behaviors with regards to the violation of social rules and norms (Fullerton and Punj 1993); while others describe consumer misbehavior as deliberate, thoughtless, or abusive acts (Bitner, Booms, and Mohr 1994; Lovelock 1994; Fullerton and Punj 1997). According to Fullerton and Punj (1993), aberrant consumer behavior is “behavioral acts by consumers who violate the generally accepted norms of conduct in consumption situations” (p. 336). Role theory argues that these norms are formed and predictable depending on consumers’ social identities and situations (Biddle 1986). As such, consumer misbehavior is considered to be any deviation from the accepted norms of exchange behavior. However, Lovelock (2001) introduced a divergent view of consumer deviance from a harm-based perspective in which “one who acts in a thoughtless or abusive way, causing problems for the firm, its employees, and other customers” (p. 73). Therefore, there are challenges to examine this research stream between definitions based on social norms versus definitions based on harm, leaving more questions than answers. Fisk et al. (2010) ask is it more appropriate to define deviant consumer behavior from a norms-based or harm-based perspective? Are these delineations mutually exclusive and how do they address the issue of intent in deviant consumer behavior?

Fisk et al. (2010) refer to any deliberate, harmful, and intentional consumer behaviors as dysfunctional consumer behavior. As such, the extant literature seems to include accidental or unintentional consumer behaviors as dysfunctional or misbehaviors
as well (Harris and Reynolds 2004). Such lack of discrimination between intentional and unintentional behaviors provides an imbalance in the consumer misbehavior literature. Therefore, providing a delineation of intentionality would provide some consistency and cohesiveness to the consumer misbehavior literature. That is, consumer misbehavior is either norms-based or harm-based depending on the intentionality of consumers. Scant research has examined the unintentional behaviors of consumers in regards to service encounters and its impact on one’s own value creation. In one study, Fry and Polonsky (2004) considered the unintended consequences of marketing activities. However, they investigated the unintended consequences from the firms’ perspective and not the consumers’ viewpoint.

Huang, Lin, and Wen (2010) also examined consumer misbehaviors, whether intentional or unintentional, from a third-party perspective (e.g., other-customers) and how it disrupts one’s own service experience. However, they do not focus on the consumer’s own misbehaviors and the negative impact on the self. Furthermore, little research has considered the delineation between intentional and unintentional consumer behaviors and whether these behaviors affect the value exchange differently. To date, only one study has theorized the intentionality of dysfunctional consumer behavior based on consumer participation. Hibbert, Piacentini, and Hogg (2012) argue that dysfunctional consumer participation can be unintentional (e.g., consumers not knowing their role) or intentional (e.g., deliberate violations of the norm) participation that disrupts the service encounter. However, this notion has yet to be empirically examined and come to fruition. Therefore, the current research will address this issue explicitly in relation to value creation.
Service-dominant (S-D) logic argues that consumers are always co-creators of value (Vargo and Lusch 2004, 2008a). While a plethora of research on value co-creation has been conducted since then, most of the studies implicitly focus on value co-creation as always being positive. For example, the word “value” has inherently positive connotations, as reflected by Vargo, Maglio, and Akaka’s (2008, p. 149) definition of value – “an improvement in system well-being”. As such, these positive references to the nature of value in S-D logic demonstrate an inherently optimistic and favorable perspective on value-related outcome processes. However, is it not possible that value co-creation can have adverse consequences? Surely, it is not possible to ensure perfect service in a service encounter every time (Dong, Evans, and Zou 2008). Only a handful of researchers have started to view this alternative notion to value co-creation (Pie and Chumpitaz 2010; Smith 2013; Tynan, McKechnie, and Hartley 2014; Worthington and Durkin 2012).

Nevertheless, there have been hints of possible co-destruction of value in previous literature. For instance, Jaworski and Kohli (2006) contend that firms should not engage in co-creation activities with consumers under certain conditions. They argue that it would not make sense for firms to engage in co-creation if consumers could not be trusted, do not see value in dialog, and/or lack deep knowledge of the service experience. However, Jaworski and Kohli (2006) did not elaborate on how value might be co-destroyed. In addition, Mele (2011) examined the relationship between value creation and conflicts, in which negative outcomes of conflicts diminish the generation of value. While Mele (2011) did not explicitly state how co-creation could yield negative
outcomes, her research is a step forward in regards to the lack of negative value discussion in the literature.

Furthermore, Woodruff and Flint (2006) investigate how the devaluation processes, in which judgments become more negative, can occur and that these processes can diminish value for the consumer and/or firm. In other words, over time consumers would devalue products or services that were not perceived as instrumental or related to their immediate goals. Consumers may also devalue what is received by disparaging certain features of a product or service. Unfortunately, these authors did not discuss actual activities that may destruct value and raise more questions as to how customer value judgments become more negative over time. Moreover, Gronroos (2008) contend value can be negative when the service does not at least restore homeostasis. In other words, the “give” components of value have exceeded the “get” components. However, little attention has been given to explore the potential negative value that could inflate any subsequent damages for the firm (Babin and James 2010).

Lastly, Bendapudi and Leone (2003) found that increased consumer participation in co-production could have negative psychological outcomes for consumers. According to self-serving bias, in situations where the outcomes are jointly produced by the firm and consumer, consumer participation could have detrimental effects on customer satisfaction. The reason for this attribution is consumers are likely to take credit for positive outcomes, but deny responsibility or place blame on the firm in the case of negative outcomes (Bendapudi and Leone 2003; Bitner et al. 1994). In a similar vein, Duncan and Moriarty (2006) contend that although Vargo and Lusch (2004, 2008a) do not discuss value reduction, S-D logic helps explain how good products and services can
produce negative value in the exchange process, such as faulty participation and/or miscommunication.

Given the implicitness of how consumers can contribute negative value to the co-creation process, Ple and Chumpitaz (2010) believe it is possible for the inverse possibility of value co-creation, in which they coined the term value co-destruction. They define value co-destruction (VCD) as “an interactional process between service systems that results in a decline in at least one of the systems’ well-being” (p. 431), which can be the individual or firm. The interaction between the service systems can either be direct (e.g., face-to-face) or indirect (e.g., through appliances such as goods). Ple and Chumpitaz (2010) argue that the level of VCD may not be the same for the consumer and firm. Just as Woodruff and Flint (2006) suggest that an imbalance of co-created value between a firm and a consumer can occur, Ple and Chumpitaz (2010) propose that the level of VCD may not be the same for all of the service systems involved. In other words, what may be value destruction for one service system may result in value creation for the other service system.

Based on S-D logic, however, consumers do not enter the marketing exchange to intentionally destroy value. Namely, if resources are applied the wrong way, then the value potential is not realized from the dyad. Just as there are positive vs. negative affect (e.g., Babin and Darden 1996; Watson, Clark, and Tellegen 1988), brand love vs. brand hate (e.g., Batra, Ahuvia, and Bagozzi 2012; Bryson, Atwal, and Hulten 2013) and satisfaction vs. dissatisfaction (e.g., Babin and Griffin 1998; Zeithaml, Berry, and Parasuraman 1996), this author refines Ple and Chumpitaz’ (2010) definition of value co-destruction and suggests that value co-destruction is the opposite of value co-creation.
according to S-D logic. As such, value co-destruction refers to the decline in value created together by a provider and consumer from their interactions and experiences that result in resource disintegration. Here, resource disintegration is a result of resources being applied the wrong way or incongruent from both parties. For example, while consumer participation is an essential part of value co-creation, value co-destruction could result from too much or high participation. As such, the following research question is proposed:

RQ1: What type of behaviors do consumers engage in during VCD?

Given the nature of value co-destruction and its temporal proximity, there are no measurements of value co-destruction to date that underlie functions fueling consumers’ motive to diminish value. Therefore, hedonic and utilitarian value are used instead, as value is a prerequisite for consumers in developing or terminating relationships with providers (Babin, Griffin, Borges, and Boles 2013).

VCD Process

S-D logic focuses on the notion of value-in-use; that is, value co-created through the interactions of service systems that use their own operant resources and those of other systems. Applying this idea to VCD, resources that are used positively to the benefit of the service systems might also be used in a harmful manner for one or all of the parties involved (Pie and Chumpitaz 2010). For example, consumers who buy a car, but do not maintain it destroy value for themselves. Consumers may also destroy value for the firm that sold the car to them if they blame the firm for all the problems associated with the car and damage the reputation of the firm’s value proposition to other consumers through negative word-of-mouth. As such, consumers trigger a VCD process for both service
systems by misusing the firm’s value proposition. Therefore, the following research question is proposed:

RQ2: What is VCD like in professional services, in which consumers may find impossible to evaluate even after purchase and consumption (e.g., appendix surgery), from the consumers’ perspective?

Resource Disintegration

According to Vargo and Lusch (2004, 2008a), the application of operant resources (or skills and knowledge) is the fundamental premise for all exchange. Most service systems presumably intend to co-create value through their interactions. However, what happens when these operant resources are applied the wrong way and therefore, co-destroy value? Ple and Chumpitaz (2010) explain that the decline in at least one of the systems’ well-being results from the misuse of resources during the interaction between different service systems, where one system can misuse its own resources and/or the resources of the other service system, or both service systems (see Figure 2.4). In other words, “misuse can be understood as a failure to use the resources in a manner that is appropriate or expected by the other service systems” (p. 432). This resource disintegration can be explained through role and script theory, which argues that a consumer and firm have certain expectations in its own role and the role of the other service system. If each party is capable of foreseeing the behavior of the other, in addition to knowing how to act and behave in its own right (Solomon et al. 1985), then their interactions should be successful.
If there are incongruent expectations in the way available resources should be used, the discrepancies could result in VCD. These discrepancies may be purely accidental or intentional (Pie and Chumpitaz 2010). Thus, the following research question is proposed:

**RQ3:** If there are different types of behaviors in VCD, then is there a difference between unintentional vs. intentional behaviors?

This notion of VCD is expressed in Echeverri and Skalen’s (2011) case study of public transportation. They argue that an exchange between a provider and consumer can result in value co-creation and value co-destruction jointly based on the congruency of procedures, understandings, and engagement of a service encounter. That is, they define VCD as a result of providers and consumers drawing on incongruent elements of practice with respect to employee behaviors such as informing and delivering service. In a similar
vein, Tynan, McKechnie, and Hartley (2014) contend that consumers can destroy value if their needs and tolerances are not a good fit or if there is an unbalanced value between the consumer and firm. For example, they investigated luxury car consumption through a phenomenological approach and found that speed, excitement, and fear generated value for one attendee; however, it destroyed value for another attendee. Tynan, McKechnie, and Hartley (2014) maintain service experiences that are high involvement and extraordinary have the potential to not only facilitate value creation, but also value destruction.

**Unintentional Resource Disintegration**

According to S-D logic, most service systems intend to co-create value rather than destroy it. As such, the notion of value co-creation implies that the outcome is positive with no deliberate discrepancies in expectations between the consumer and firm. However, service encounters are not always 100% error-free and therefore, such discrepancies can occur. Pie and Chumpitaz (2010) argue that if consumers misuse resources and this did not result from deliberate choice, then such incongruency is accidental. For example, in a role conflict between a frontline employee and his customer, there may be competing expectations with one another. If a firm has a policy of a limited amount of time to spend with individual customers, but certain customers insist on employees devoting a large amount of time with their situation, these customers are misusing a resource from the firm’s perspective because they are not using it as the firm expected it to be used. This unintentional incongruency happens because most likely the customers are not aware of the firm’s policy regarding the service encounter and/or have limited knowledge about the service or product. As such, the unintentional resource
disintegration can create value for one party while simultaneously destruct value for the other party (Pie and Chumpitaz 2010).

Pie and Chumpitaz (2010) contend that the concept of value-destruction-through-misuse parallels value-in-use in S-D logic. However, the current research maintains that the unintentional resource disintegrations extend beyond creating value for one service system, while destructing value for the other service system. Consistent with this notion of value-in-experience (Babin and James 2010; Zhuang, Babin, and Tran 2014), the research argues that the resource disintegrations can create value-in-experience for one service system while destroy value-in-experience in another system or vice versa. Furthermore, both service systems can also destroy value-in-experience. As such, value is obtained from the service experience and not just from the resources only.

Intentional Resource Disintegration

In contrast, Pie and Chumpitaz (2010) argue that intentional resource disintegration “occurs in the context of one service system seeking to increase its own well-being and capacity for adaptiveness to the detriment of another system’s well-being and capacity for adaptiveness” (p. 434). In other words, intentional resource disintegration is a deliberate, conscious effort of value imbalances that may have diminutive effects (value co-destruction) for one of the service systems, while the other system may experience benefits (value co-creation). For instance, employees may choose to engage in service sabotage behaviors (e.g., calculated influence of speed of service for monetary gains, deliberately patronize the customers for fun, or spit in a customer’s food before serving it for revenge) (Harris and Ogbonna 2002, 2006) that negatively affect service. In doing so, employees may improve their well-being (co-create value) by
increasing their self-esteem or job satisfaction, while decreasing the well-being of other systems (co-destruct value) by delivering poor service to consumers.

In another case, consumers can intentionally apply resources the wrong way to obtain more value for themselves while co-destructing value for the firm, such as illegitimate complaining (Reynolds and Harris 2005). Thus, the level of VCD that results from the interactional process might not be the same for all of the service systems involved (Ple and Chumpitaz 2010). That is, consumers can misapply their own resources and/or the resources of the firm, or vice versa. In either case, the resource disintegration results in VCD for at least one of the two service systems. Worthington and Durkin (2010) further suggest that the incongruence of resources can result in VCD for both service systems. In a retail banking case study, Worthington and Durkin (2010) found that the banking firm and their customers exemplified irresponsible lending and irresponsible borrowing, respectively, that resulted in co-destruction of value for both parties (e.g., extreme debt situation). In this case, the bank’s sales driven attitude with little to no regard for customer need or repayment capacity and the customer’s lack of financial knowledge led to VCD.

**Diminution Effects of Resource Disintegration on Well-Being**

Nevertheless, Ple and Chumpitaz (2010) did not explain how the co-destruction of value results in a decline in the well-being of either service systems or through what kind of resources. Subsequently, Smith (2013) empirically examined Ple and Chumpitaz’ concept of VCD utilizing a critical incident technique. She examined how firms fail to integrate and/or apply resources as expected by customers and this resulted in a decline in their well-being. According to Vargo, Maglio, and Akaka (2008), well-being relates to a
system's adaptiveness or ability to fit in its environment. Vargo and Lusch (2011) argue that systems aim to co-create value through resource integration, providing opportunities for the creation of new resources thus improving system well-being. However, if resource integration is unsuccessful, the well-being of either system may be tainted.

Smith (2013) argues that customers will experience resource disintegration or loss of well-being if: 1) the organization unexpectedly fails to fulfill its resource offer by failing to offer expected resources; 2) the resource integration process fails to co-create desired (expected) value in the form of resource gain for the customer; 3) the customer experiences an unexpected loss of stored resources; or 4) a combination of the above. Failure to meet expectations will create discrepancies between desired and actual states and will result in worry and anxiety leading to stress and impacting negatively on well-being. In addition, negative emotions such as anger, sadness, and regret are likely to negatively impact well-being. For example, Smith (2013) assessed the negative impact on well-being from expressions of unpleasant affect, such as anger and anxiety. Based on Hobfoll's (2002) classification of resources, Smith (2013) identified several types of resource losses that customers experienced and their impact on well-being. The types of resource losses included material (e.g., transportation, food), self (e.g., self-esteem, self-efficacy), social (e.g., support), energies (e.g., time, money, knowledge, and physical/emotional effort), leisure, and hope.

However, all the respondents attributed their losses of resources to the firm, such as overcharging or excessive waiting times, and not to their own self. In addition, Smith (2013) explores ways in which firms misuse their own resources and those of their customers, a departure from the focus of this dissertation as it examines the consumers'
perspective of resource disintegration. Furthermore, while Smith (2013) was able to differentiate the types of resources misused that directly relate to loss of well-being, she did not delineate whether these behaviors were intentional or unintentional. As such, the following research question is proposed:

RQ4: What kind of resource disintegration is found in service encounters particularly with high credence properties?

In response to Harris and Reynolds's (2003) call for future research into this issue to explicitly focus on involuntary dysfunctional customer behaviors, the current research addresses this issue from the perspective of the consumer and how they contribute negative value to the co-creation process. Applying this differentiation to the proposed concept of value co-destruction, Figure 2.5 considers a typology of value destruction through intentional vs. unintentional resource disintegrations by the service systems.
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<th>Service Failure</th>
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<td>Role conflict/ambiguity/script</td>
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<td>Dysfunctional Consumers</td>
<td>Dysfunctional Firm</td>
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<td></td>
<td>Examples:</td>
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<td></td>
<td>Complain illegitimately</td>
<td>Imposing SST to customers who</td>
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<td></td>
<td>Adopt opportunistic behaviors</td>
<td>are reluctant to use it (ineffective</td>
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<td></td>
<td>Irresponsible borrowing</td>
<td>product and system technologies</td>
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<td></td>
<td>Bringing food to movie theaters</td>
<td>Employee sabotaging behaviors</td>
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<td></td>
<td>Noncompliant with doctor’s</td>
<td>(Harris 2002; 2006</td>
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<td></td>
<td>orders</td>
<td>Lack of trained/skilled staff</td>
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<td></td>
<td>Theft/shoplifting (Fisk et al. 2010)</td>
<td>Hidden/Unforeseen charges?</td>
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<td></td>
<td>Wardrobing</td>
<td>Irresponsible lending</td>
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<td></td>
<td>Writing compensation letters</td>
<td>Comply with procedures too</td>
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<td>knowingly exploiting service</td>
<td>strictly?</td>
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<td>recovery policies</td>
<td>Value destruction to consumers</td>
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<td>Cheating on service guarantees</td>
<td>Value destruction or creation to</td>
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<td>Negative word-of-mouth</td>
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<td>Value destruction to firms</td>
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<td>consumers</td>
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*Figure 2.5 Typology of Value Destruction Through Resource Disintegration*
Unintentional Resource Disintegration

Consumer failure

The Consumer Failure quadrant reflects consumers who unintentionally apply resources the wrong way that result in a destructed or created value for the consumers; however, it results in destruction for the firm. For example, consumers who are not aware of the firm's policy regarding the service encounter may destruct value for the firm, but may create value for themselves. If the firm has a policy of a certain amount of time that employees spend with customers, but certain customers insist on employees devoting a lot of time to dealing with their encounter, then these customers are (from the firm's perspective) misusing a resource (in this case, the employee) because they are not using it as the firm expected it to be used. Here the firm presumably suffers from the inefficiency of its employees. However, from the customers' view, the prolonged interaction provides them with greater value.

Service failure

In contrast, the Service Failure quadrant reflects firms that unintentionally apply resources the wrong way that result in a destructed or created value for the firm; however, it results in destruction for consumers. For instance, a waitress who forgets to place an order in for the customer may result in value destruction for both the firm and customer. From the customer's perspective, the firm is misusing the customer's time and energy while the firm suffers from the employee's lack of training or efficiency, and will probably have to endure unnecessary costs for comping the customer's meal.
**Intentional Resource Disintegration**

*Dysfunctional consumer*

The Dysfunctional Consumer quadrant reflects consumers who intentionally apply resources incorrectly that result in a created or destructed value for the consumer; however, it results in destruction for the firm. For instance, customers misapply a firm’s resources and their own when they complain illegitimately (Reynolds and Harris 2005) or when they adopt opportunistic behaviors to take advantage of service employees (Pie 2006). For example, telling untruths to front-line employees with intentions to benefit from preferential treatment is an intentional resource disintegration. This exchange results in value creation for the customer while causing value destruction for the firm.

*Dysfunctional firm*

In contrast, the Dysfunctional Firm quadrant reflects firms that intentionally apply resources incorrectly that result in a created or destructed value for the consumer; however, it results in destruction for the consumer. In these interactions, employees are in position to use, or intentionally misapply, their own resources (e.g., skills and knowledge) and/or the resources of the firm and the customers. In other words, firms can choose to engage in “sabotage behaviors” that are intentionally designed to negatively affect service” (Harris and Ogbonna 2002). In so doing, they effectively improve their well-being (i.e., create value) by enhancing their personal self-esteem or job satisfaction, while decreasing the well-being of consumers (i.e., destroy value) by adversely impacting on the firm’s performance and the quality of service delivered to customers (Harris and Ogbonna 2002, 2006).
Antecedents of Consumers' Role in VCD

Given that resource disintegration is at the heart of value co-destruction (VCD), Pie and Chumpitaz (2010) argue that further study of the antecedents and dynamics of the resource incongruency is of primary importance. As such, this section explores the following research question regarding possible circumstances that induce a consumer to apply his own resources incorrectly or those of others based on related literature from services marketing, consumer misbehavior, social psychology, and organizational behavior (see Figure 2.3).

RQ5: What are the factors or characteristics that encourage VCD within a professional (e.g., medical, financial, legal) service context, which are customized, high contact, and high in credence properties?

To the author's knowledge, this study is the first to attempt at identifying antecedents of VCD.

Behavioral Components

As mentioned in the previous literature regarding consumer misbehaviors, research has included negative intentional and unintentional behaviors together as a form of misbehavior. For the purpose of this dissertation, the scope of the study focuses only on unintentional behaviors. However, a brief review of the intentional behavior literature is discussed. Much research has generated considerable attention to intentional behaviors and little delineation of whether deliberate versus inadvertent behaviors yield the same antecedents and/or consequences of co-destruction (e.g., Daunt and Harris 2011; Fisk et al. 2010; Fullerton and Punj 1993, 1997; Harris and Reynolds 2003; Huang, Lin, and Wen 2010; Wirtz and Kum 2004). Perhaps that occurs because behavioral intent may be
hard to determine, as it may be difficult to know when consumer misbehavers are misstating their intention(s), as opposed to deceiving themselves (Fullerton and Punj 2004). While Fullerton and Punj (2004) maintain that behavioral intention can be a useful differentiator in predicting consumer misbehavior, the intent underlying an act of consumer misbehavior may not be readily evident particularly if the behavior was unintentional.

Interestingly, only two articles have addressed the delineation of intentional versus unintentional behaviors (i.e., Hibbert, Piacentini, and Hogg 2012; McColl-Kennedy and Tombs). McColl-Kennedy and Tombs (2011) found that consumers may deliberately or inadvertently destroy value when they violate at least one of four needs relevant to service encounters: 1) need for control, 2) need to be treated with respect, 3) need for pleasing relations, and 4) need for competence. Bradley et al. (2010) maintain that when these needs are violated, consumers may feel that their well-being is diminished. As such, McColl-Kennedy and Tombs (2011) argue that consumers who appear to intentionally destroy value display a strong need to have control over other consumers, such as shoving in line. However, McColl-Kennedy and Tombs (2011) consider how value co-creation destroys value for other consumers deliberately or inadvertently, but not for one’s own self. Therefore, this research argues that the intentionality of the misbehaviors is based on whether the consumer made a conscious decision to act. That is, intentional misbehaviors or resource disintegrations result from consumers’ deliberate, conscious effort to profit their own service system (e.g., financial gain) and/or punish the other service system (e.g., retaliation).
Intentional Behaviors

Financial gain – rewarding own service systems

Consumer misbehavior executed for perceived financial gain is motivated by the attainment of assets in either monetary or physical form. Most of the research that underlines the role that perceived financial gain plays in motivating acts of customer deviance focus on theft. The focus of deviance on consumer theft is demonstrated by the findings of Moore (1984) who utilize self-report data from apprehended shoplifters to reveal that financial motivations explain 70 percent of shoplifting cases (Daunt and Harris 2012). Examples of such intentional misbehaviors are compensation letter writers (customers who deliberately, post-service, attempt to gain monetary reimbursement or reparation without justification), illegitimate complaining (wherein customers complain with little to no justification), and consumer theft as a means of gaining free goods (Harris and Reynolds 2004; Jacoby and Jaccard 1981; Kowalski 1996; Reynolds and Harris 2005). In one study, Harris and Reynolds (2004) found that 70% of their interviewed customers in a hospitality industry described incidents where they themselves had intentionally and openly orally abused front line employees for financial gain. As such, financial motivation plays a driving role in what Harris and Reynolds (2004) term customer dysfunction.

Another form of financial gain is calculated opportunism, in which consumers consciously and rationally weigh the risks and rewards of misconduct and act upon opportunities where there is the least risk involved. The influential crime theories of Becker (1968) and Wilson and Herrnstein (1985) view misbehavior as the outcome of deliberation based upon calculations of expected benefits and costs. As such, Fullerton
and Punj (2004) argue that calculated opportunism is the single most important reason for consumer misbehavior.

**Retaliation – hurting other service systems**

In the services literature, shoplifting is identified as one of six types of customer retaliation behaviors (Huefner and Hunt 2000). Other retaliatory behaviors include grudge holding (Gregoire, Tripp, and Legoux 2009), negative word-of-mouth, assault of organization personnel, and vandalism and destruction of organizational property (Harris and Reynolds 2004). Vandalism is portrayed in Lovelock’s (1994, 2001) profile of jaycustomer behaviors, in which “vandals” intentionally deface organizational property. Researchers argue that consumer retaliation as a response to dissatisfying service encounters due to customer perceptions of perceived inequalities and the need to restore equity (Huefner and Hunt 2000; Harris and Reynolds 2003).

Other forms of misbehaviors that hurt other service systems intentionally include physical abusers who vent their aggression (Harris and Reynolds 2004). These customers intentionally overtly act in an aggressive and violent manner, physically harming front line service staff, in order to satisfy non-financial motives such as venting their aggression. Another intentional behavior is revenge seekers (Funches, Markley, and Davis 2009) who desire to attain vengeance over an organization or individual member of organizational personnel (Daunt and Harris 2012). Harris and Reynolds (2004) found support between revenge motivations and deviant customer behaviors, in which they demonstrate the existence of customers who commit verbal and physical behaviors for retribution and revenge.
Unintentional Behaviors

Consumer participation

Chan, Yim, and Lam (2010) contend that consumer participation is fundamental to value co-creation and involves the actions and resources supplied by the consumer. However, Kellogg, Youngdahl, and Bowen (1997) argue that a high level of participation could have a negative impact on consumers’ value perceptions. Consistent with this notion, Zhuang, Babin, and Tran (2014) maintain that firms should note that higher levels of consumer participation might not lead to better outcomes for both the consumer and the firm. For example, Robertson, Polonsky, and McQuilken (2014) examine consumers’ involvement in their healthcare through online self-diagnosis and determined that inappropriate use of online self-diagnosis can lead to value co-destruction during the service encounter and/or the service outcome. Such inappropriate use of online self-diagnosis includes failure to cooperate or comply with instructions, lack of medical knowledge, vulnerability and objectivity towards a diagnosis.

Previous studies have found that consumer participation is a double-edged sword, in which participation can co-create value (e.g., economic or relational) for the consumers, but also co-destruct value (e.g., employees’ job stress) for the firm (Chan, Yim, and Lam 2010; Zhuang, Babin, and Tran 2014). In other words, the notion of consumer participation is not merely whether consumers participate or not, but there is also evidence that consumer participation results in diminishing returns, as higher levels of consumer participation may not always lead to co-creation of value for both the consumer and firm. For instance, Dong et al. (2015) demonstrated that when consumer participation reaches very high levels, the effect of consumer participation yields a
diminishing return for consumers based on their participation readiness. That is, the positive effect of participation tapers off for high-readiness consumers and becomes significantly negative for low-readiness consumers. Dong et al. (2015) defines customer participation readiness as the extent to which a customer is prepared to participation in service consumption. Greer (2015) echoes this notion and developed the term “overparticipation.” Overparticipation refers to the behavior of consumers that interact gratuitously or improperly with service providers. He argues that overparticipation is a relatively common type of consumer misbehavior in both healthcare and financial services. Thus, the following research proposition is proposed:

P1: Overparticipation is negatively associated with value.

Perceived knowledge of service

As industries are becoming more specialized, knowledge intensive, and technologically complex, providers and consumers depend on each other’s knowledge and resources more heavily (Nordin and Kowalkowski 2010; Tuli, Kohli, and Bharadwaj 2007). Prahalad and Ramaswamy (2000) argue that value creation calls for sharing imperative information and achieving active collaboration rather than the passive receiving of information from consumers. However, Nordin and Kowalkowski (2010) contend that effectively communicating or co-creating may be challenging in complex situations. For instance, service providers rely on consumers to convey their information, needs, and wants, but sometimes consumers may not have the knowledge and skills to express these essentials to them (Tuli, Kohli, and Bharadwaj 2007).

Furthermore, consumers may not understand what their needs and requirements are, which makes them depend on the service provider to figure out the problem (Tuli,
Kohli, and Bharadwaj 2007). For example, a patient visits a physician for stomach pains, which he has no clue as to what is wrong with him. Thus, the patient relies on the physician to find the issue and provide potential solutions for the patient. Moller and Torronen (2003) state that the greater the information gap between a service provider and consumer, the more reliant they are on each other in value creation. In addition, consumers who have no or little knowledge of the co-creation may slow down the service process and negatively affect their own satisfaction (Zeithaml, Bitner, and Gremler 2013). For example, patients who do not understand the registration process, the information needed from them, or insurance coverage issues may hold up the service process for employees and other patients, resulting in lowered productivity and quality of service.

Moreover, if consumers do not perform their roles effectively, it may not be possible for employees to provide the level of quality promised by the firm. For instance, patients who do not provide the information and cooperation needed by their physicians will likely receive inferior service or worse, a wrong diagnosis (Zeithaml, Bitner, and Gremler 2013). Thus, the more knowledgeable the consumers are, the more likely they will make a satisfying choice and make tradeoffs fitting to their context (Prahalad and Ramaswamy 2004). As such, the following research proposition is proposed:

P2: High perceived knowledge is positively associated with value.

**Consumer readiness – ability, role clarity, motivation**

Research suggests that role clarity, motivation, and customer ability are important factors affecting co-production and participation in service delivery (Auh et al. 2007; Bowen 1986; Meuter, Ostrom, Roundtree, and Bitner 2000; Schneider and Bowen 1995).
Bowen's (1986) model of the determinants of employee behavior in service performance supports the importance of these three factors in bringing about behavior change. He suggests that these factors may also help researchers understand consumer behavior in service production and delivery. Previous research has found that role clarity is the strongest predictor of consumer readiness (Meuter, Bitner, Ostrom, and Brown 2005). Role clarity reflects consumers' understanding of what is required of them in service production (Meuter et al. 2005). As such, Dellande, Gilly, and Graham (2004) investigate the service provider's role in gaining customer compliance and find that as customers gain role clarity, their abilities to perform necessary behaviors increase. This lends further support that customer role clarity in value co-creation positively influences customer ability to co-create in the future (Dong, Evans, and Zou 2008).

However, all of this work has concentrated on consumer participation in unproblematic service encounters. Few have examined consumer behavior during service encounters that does not conform to role expectations of the service provider (e.g., Biddle 1986; Bitner, Booms, and Mohr 1994). Hibbert, Piacentini, and Hogg (2012) argue that dysfunctional consumer participation can be unintentional when consumers have a dearth of clarity and/or resources about their role or to comply with role expectations. For example, patients who are not clear on what their role is in the process will be unable to acquire the needed skills to participate appropriately in the process. Furthermore, patients without the ability to perform needed behaviors may become frustrated and lose their motivation. Performance of the role will likely suffer if the role is not clear, even if patients are motivated and possess the ability to perform the role (Kearney 1978). However, in addition to not empirically examining this notion, Hibbert, Piacentini, and
Hogg (2012) only conceptualized dysfunctional consumer participation as binary, either cooperative or resistant participation. Therefore:

P3: High role clarity is positively associated with value.

_Psychological Components_

In addition to unintentional and intentional behaviors of VCD, researchers have found that personality traits and predispositions of the consumer are important drivers of dysfunctional consumer behavior (Fullerton and Punj 1993; Harris and Reynolds 2003). These psychological characteristics include personality traits, control, and state of mind. Thus, this research argues that the same personality traits and predispositions of a consumer that drive dysfunctional consumer misbehavior may also be present in consumers who co-destruct value.

_Personality Traits_

The traits of consumer alienation, Machiavellianism, sensation seeking, self-esteem, and aggressiveness are consistently highlighted as important factors of misbehavior (Daunt and Harris 2011; Fullerton and Punj 1993; Reynolds and Harris 2009). They argue a person’s enduring psychological makeup affects the motives, which subsequently drive behaviors.

_Consumer alienation_

Consumer alienation refers to customers’ perceived powerlessness, discontentment, and estrangement from the practices of modern-day firms (Daunt and Harris 2011; Lambert 1981). Mills (1981) finds support for this association and shows that overly powerful organizations, as alienated consumers perceive them, encounter
higher levels of dysfunctional customer behavior than outlets judged as less domineering (Daunt and Harris 2011). As such, the following research proposition is proposed:

P4: Consumer alienation is negatively related with value.

Machiavellianism

Machiavellianism refers to people who have a tendency to deceive and manipulate others for personal gain (Daunt and Harris 2011). Daunt and Harris (2011) maintain that high Machs display a general detachment from others, an innate character to manipulate others, and a general lack of concern for morality, norms, rules, and regulations. Researchers have found an association between Machiavellianism and consumer cheating and financially motivated behaviors (Al-Khatib, Malshe, and AbdulKader 2008; Wirtz and Kim 2004). As such, financial gains are a key motivation for evoking customer misbehavior. Therefore:

P5: Machiavellianism is negatively associated with value.

Sensation seeking

Lofland (1969) theorizes that the quest for thrills is a basic motivation for misconduct. For example, some shoplifters and vandals experience a powerful, sexual-like, sensation of release when they have been successful (Katz 1988). There is also evidence that some consumers engage in misbehavior to liven up otherwise dull lives (Moore 1984). As such, studies have shown that the propensity to seek sensations is a primary driver of both overt and covert forms of customer misbehavior (Daunt and Harris 2011; Fullerton and Punj 1993). For example, consumers who vandalize (Van Vliet 1984) and abuse property (Harris and Reynolds 2004) have motives ranging from financial gain to personal thrill seeking. In criminology, Farrington (2002) argues that the sensation
seeking constitutes the most crucial personality dimension in predicting criminal behaviors. Similarly, D’Acremont and Van der Linden (2005) argue that the sensation-seeking trait is predictive of socially deviant behaviors. Thus:

P6: Sensation seeking is positively associated with value.

Self-esteem

Blascovich and Tomaka (1991, p. 115) define self-esteem as “the extent to which one prizes, values, approves or likes oneself.” In terms of the nature of the relationship between self-esteem and consumer misbehavior, studies have shown an association between low levels of self-esteem and the performance of deviant behaviors (Daunt and Harris 2011, 2012). This relationship is prevalent in the compulsive behavior literature. For example, both DeSarbo and Edwards (1996) and Faber and O’Guinn (1992) find a statistically significant relationship between low self-esteem and high levels of compulsive buying behavior. In addition, Babin and Griffin (1995) reveal a negative relationship between self-esteem and moral equity. Specifically, they find that people with low levels of self-esteem perceived shoplifting behavior to be more just and moral than people with high levels of self-esteem. Hence, the following research proposition is proposed:

P7: High self-esteem is positively associated with value.

Aggressiveness

Researchers commonly associate the personality trait of aggressiveness with the past criminal and deviant behaviors (e.g., Daunt and Harris 2011; Fullerton and Punj 1993; Richins 1983). These studies have suggested that people with the trait aggressive are more likely to have behaved in a non-normative and deviant manner than people with
low levels of anger. In addition, Dill, Anderson, Anderson, and Deuser (1997) argue that rather than people growing out of their aggressiveness during adolescence, aggressiveness is an enduring trait that makes such people more prone to behaving in a destructive manner throughout their entire lives. Thus:

P8: Aggressiveness is negatively associated with value.

Responsibility

While not commonly studied as traits associated with misbehaviors, Fullerton and Punj (1993) argue traits such as responsibility and the need for order restrict consumers from destructive behavior. Recent research in marketing demonstrates that shared responsibility is a key component to creating value and fostering customer loyalty (Sierra and McQuitty 2005; Sierra, Heiser, and McQuitty 2009). According to Sierra, Heiser, and McQuitty (2009), shared responsibility refers to the interdependence between firms and consumers in an exchange that creates value and fosters customer loyalty. As mentioned in the previous discussions, social exchange theory explores the nature of exchange between parties who depend on each other and share responsibility (Lawler 2001). Lawler (2001) maintains how the level of jointness (i.e., shared responsibility) in an exchange task affects ties and commitments in various forms of relationships. As such, consumers with a low sense of shared responsibility in a service encounter may exhibit co-destructive value. Formally:

P9: High shared responsibility is positively associated with value.
Control

Self-efficacy

One of the most widely studied resources in psychology is related to control. With regards to stress, these have been most commonly studied under the rubric of internal control (Seligman 1975), mastery (Pearlin and Schooler 1978), or self-efficacy (Bandura 1997). However, the latter concept of self-efficacy has received the most research attention. Those with this disposition or trait are more likely to see themselves as having the ability to exercise successful influence over their environment and the accomplishment of their goals (Hobfoll 2002). Self-efficacy has been related to more positive physical and emotional well-being and has been linked in prospective studies with robust stress resistance in the face of everything from minor hassles to major tragedies (Bandura 1997). Consequently, while co-creation can provide a social benefit for consumers’ desire for control, those who do not have this disposition or low on this trait are less likely to see themselves yield a successful outcome.

Locus of control

Similar to self-efficacy, locus of control (LOC) concerns the degree a person believes he has personal control over his life outcomes. Attribution theory would suggest that consumers evaluate the responsibility dimension when they evaluate negative outcomes (Raajpoot and Sharma 2006). Originally formulated by Rotter (1966), there are two types of LOC: 1) internal LOC and 2) external LOC. People with an internal LOC believe the outcomes of situations is resulted from their actions, while those with an external LOC believe that outcomes of situations are beyond their control making them powerless towards external influences (Cleveland, Kalamas, and Laroche 2005). As a
heuristic construct, LOC has arguably generated more research than any other construct in social sciences including consumer behavior and work-related behaviors (Tobacyk and Babin 2012). In relevance to marketing, Avtgis (1998) contends that internals are less vulnerable to persuasion, social influence, and conformity. Internals are more likely to use seatbelts, exercise, quit smoking, use birth control, follow medical advice, and save money regularly. They also have greater product knowledge and engage in more strategic shopping (Busseri, Lefcourt, and Kerton 1998). On the other hand, externals are purported to be more prone to impulse buying. Therefore, the following research propositions are proposed:

P10: High self-efficacy is positively associated with value.

P11: Internal locus of control is positive associated with value.

States

Anxiety

A consumer’s mood state or high anxiety level can sometimes increase proneness to misbehave in which consumers are likely to attribute their actions to influences beyond their volition (Hobfoll 2002). With co-creation, comes greater participation or involvement. Joiner (2001) argues that increasing customer involvement in decision-making may generate greater anxiety. These customers tend to prefer and respect a more decisive and non-consultative service approach (Chan, Yim, and Lam 2010). In addition, research shows that people with certain personality traits, such as negative affectivity and anxiety sensitivity, develop situation-specific feelings of anxiety (e.g., Barlow 1988; Rachman 1998). As such, people suffering from social anxiety typically have a strong desire to convey a particular favorable impression of themselves to others, yet they have
a marked insecurity about their ability to do so (Clark and Wells 1995). Consequently, attention overload sometimes occurs, which negatively affects people's ability to handle social interactions and the quality of interpersonal communication (Verbeke and Bagozzi 2000). Thus, the following research proposition is proposed:

P12: Anxiety is negatively associated with value.

*Mood*

Mood can be conceptualized as feeling states that are subjectively perceived by individuals, and can affect the service encounter (Mayer, Bowen, and Moulton 2003). Positive and negative moods can influence behaviors both directly and indirectly through its influence on expectations, evaluations, and judgments (Gardner 1985). Mood states may affect cognitive processes such as evaluation, memory, and decision-making, and therefore, they are expected to significantly impact overall service satisfaction (Gardner 1985; Mattila 1998; Raajpoot and Sharma 2006). Mood has been conceptualized as two independent bipolar positive and negative feeling states (Isen 1984). A positive mood makes consumers kinder, generous, more resistant to temptations, and more willing to delay rewarding themselves (Raajpoot and Sharma 2006; Swinyard 1993). However, the opposite also holds true. Axelrod (1963) found that inducing a negative mood encouraged consumers to evaluate products more negatively. Thus, consumers in a negative mood are more likely to misbehave in a service encounter. Formally:

P13: Negative/positive mood is negatively/positively associated with value.
Consequences of Consumers' Role in VCD

Whereas current literature emphasizes the positive consequences of co-creation, this research sheds light on the potential risks of co-destructed services (see Figure 2.3). Drawing from the services marketing and misbehavior literature, this research explores the following research question:

RQ6: What are the outcomes of value co-destruction in a professional service context?

This research proposes that there are likely three consequences of consumers' role in value co-destruction: 1) consumer dissatisfaction, 2) negative word-of-mouth, and 3) intentions to future co-create. To the author's knowledge, this study is the first to attempt identifying consequences of VCD.

Consumer Satisfaction

Consumer satisfaction is a state that results when an experience meets or exceeds the customer's needs or wants of a service (Oliver 1993). Consumer satisfaction comprises both customer feelings and cognitive evaluations of a service experience (Cronin and Taylor 1992; Dellande, Gilly, and Graham 2004). Both negative and positive affective reactions also may influence satisfaction formation (Oliver 1993). Consumer satisfaction, therefore, can be described as an emotion resulting from appraisals (including disconfirmation, perceived performance, etc.) of a set of experiences (Babin and Griffin 1998; Woodruff, Cadotte, and Jenkins 1983). The disconfirmation paradigm holds that customers compare perceived product performance to expectations. Performance that exceeds expectations is positively disconfirmed, performance that meets expectations is confirmed, and performance that falls short of expectations is
negatively disconfirmed. In general, the more negative the disconfirmation, the greater the dissatisfaction, whereas the more positive the disconfirmation, the greater the satisfaction (McCollough, Berry, and Yadav 2000). As such, studies have shown that value creation is significantly related to consumer satisfaction (Chan, Yim, and Lam 2010). That is, high value yields high satisfaction and low value yields low satisfaction. Logically, if value creation is positively related to consumer satisfaction, then value destruction should be negatively related to consumer satisfaction. Therefore, the following research proposition is proposed:

P14: Value is positively associated with consumer satisfaction.

Intentions Toward Future Misbehavior

Based on repurchase intentions (Swanson and Kelley 2001), consumers' intention toward future co-creation is defined as “a customer's willingness to participate in service production and delivery in the future” (Dong, Evans, and Zou 2008, p. 128). After a negative incident, consumer participation is crucial to service recovery. Dong, Evans, and Zou (2008) argue that as customers participate more in service recovery, the skills and confidence they need to complete the task are improved. Similarly, as customer role clarity in future co-creation increases, customers will enhance their understanding of role requirements and be more likely to participate in future co-creation (Meuter et al. 2005). In contrast, consumers' intentions toward future misbehavior refer to the extent in which a consumer is willing to misbehave in an exchange in the future (Daunt and Harris 2011). According to Daunt and Harris (2011), "misbehavior" denotes behavior within the exchange that violates the generally accepted norms of conduct in such situations.
Studies of normative human behavior widely acknowledge that past behavior is a significant predictor of future intentions and behaviors (Ajzen 1991). Few studies have examined the link between past incidents of self-report customer misbehavior and future misbehavior intentions (Daunt and Harris 2011). However, a limited number of studies offer support for the notion that learning from past experience of misbehavior leads to future misbehavior. For example, Babin and Griffin (1995) highlight a statistically significant association between past observation and learning from peers and shoplifting behavior. In their qualitative study, Harris and Reynolds (2003) also provide evidence between past engagement in dysfunctional behavior and future misbehavior intentions. Thus, it seems reason to argue that consumers who co-destruct value are more likely to co-destruct in the future. As such:

P15: Value is negatively associated with intentions toward future misbehavior.

**Negative Word-of-Mouth**

Word-of-mouth (WOM) has received substantial research attention especially within the services literature. Both positive and negative WOM are considered because WOM is typically associated with extreme satisfaction or dissatisfaction (Anderson 1998; de Matos and Rossi 2008; Sweeney, Soutar, and Mazzarol 2014). In the service recovery literature, there is evidence that satisfaction is associated with repurchase intentions (Maxham and Netemeyer 2002; Smith and Bolton 1998) and word-of-mouth (Maxham and Netemeyer, 2002). Likewise, studies have shown a positive correlation between dissatisfaction and negative word-of-mouth (Holloway, Wang, and Parish 2005; Sweeney, Soutar, and Mazzarol 2014; Szymanski and Henard, 2001). In other words, consumers who are less satisfied are more likely to engage in negative WOM (Anderson
Thus, the following research proposition is proposed:

P16: Value is negatively associated with negative word-of-mouth.

Conclusion

From the discussions aforementioned, there has been very little research on value co-destruction, and especially within the realm of professional services. Previous studies have only conceptualized value co-destruction and few have only hinted on the notion of co-creating efforts leading to negative value. Therefore, this study will be the first to examine value co-destruction through a multi-method approach within the context of professional services, and investigate possible antecedents and consequences of the phenomenon of interest. The next chapter will discuss the research methodology, in which a qualitative study will confirm the propositions proposed and help develop the hypotheses and create the experimental design. As such, Figure 2.6 illustrates a model of potential manifestations and traits of VCD. The research designs for a critical incident technique and an experimental design will be discussed in Chapter Three.
Figure 2.6 Potential Model of Manifestations and Traits of VCD
CHAPTER THREE

METHODOLOGY

This chapter discusses the research methodology utilized in this dissertation. The research design is divided into four sections. As a multi-method approach, the first study consisted of a critical incident technique (CIT) described in detail in this study. Results of the CIT assisted the hypotheses development and aided the experimental design in Chapter Four. Next, a full description of the experiment is put forth. Further, all the measurement scales used in this study are described. Finally, the methods and techniques of analysis used are discussed.

Qualitative Study

A multi-method approach was employed in this dissertation. Given the poorly understood nature of value co-destruction (VCD) within a service context, a qualitative research approach is deemed appropriate in order to explore, develop, and refine the core concepts and dynamics. To the author’s knowledge, no study has examined the antecedents and consequences of VCD. Therefore, performing a qualitative study will not only confirm the proposed determinants and outcomes of VCD in Chapter Two, but may also reveal specific factors of VCD not found in relevant literature thereby not misspecifying the proposed model.
Data were collected from professional services using a critical incident technique (CIT) (Flanagan 1954), a procedure for systemically identifying and recording behaviors that contribute to the success or failure of a service encounter (Bitner, Boom, and Mohr 1994). There are a number of advantages of utilizing CIT to investigate VCD. First, data are collected from the perspective of the respondent, resulting in rich data that is free of preconception and reflective of the respondent's own frame of reference (Chell 1998; Edvardsson 1992). This results in a less restricted investigation of consumer misbehavior (Walker and Truly 1992). Second, the technique is predominately inductive and can be used to inform a conceptual framework that can later be tested (Gremler 2004). Third, CIT can produce a precise and detailed description of events, which provides an early empirical basis for understanding under-researched phenomena (Gremler 2004; Grove and Fisk 1997). Lastly, the detailed description results in rich data sets that allow researchers to develop insights into phenomena (Gremler 2004).

While there are several ways to collect data utilizing CIT, this research performed an online CIT questionnaire. Flanagan (1954) argues that a questionnaire technique seems to give results, which are not essentially different from those obtained by the interview method. This approach has several benefits including: 1) time and cost efficiency as researchers do not have to tape and transcribe CIT interviews or questionnaires as the collected data are already in electronic form, 2) less stressful and more convenient for respondents as they can complete the CIT questionnaire at the comfort of their chosen environment, 3) an anonymous online survey reduces social desirability bias, and 4) respondents are more willing to reveal personal information and
deeper feelings online than traditional face-to-face interviews due to anonymity (Voss, Gruber, and Reppel 2010).

Although CIT can be criticized on the basis of reduced reliability and validity (e.g. misinterpretation of incidents, retrospective recall biases, low response rates due to insufficient detail), it has been acknowledged as a sound method for services marketing research since its introduction to the field (Gremler 2004). Thematic coding using Miles and Huberman’s (1994) coding strategy was performed. Negative incidents from the CIT were collected within six months of the incident to minimize recall bias (Greer 2015), and compiled and categorized for analysis using the CDC EZ-Text 4.0 qualitative analysis software developed by the U.S. Center for Disease Control and Prevention. To be critical, an incident must occur in a situation where the purpose or intent of the act seems fairly clear to the observer and where its consequences are sufficiently definite to leave little doubt concerning its effects (Flanagan 1954). Bitner, Booms, and Tetreault (1990) define critical incident as specific interactions between customers and service firm employees that are especially satisfying or especially dissatisfying. As such, a critical incident must meet four criteria: 1) involve an employee-customer interaction, 2) be very satisfying or dissatisfying from the customer’s point of view, 3) be a discrete episode, and 4) have sufficient detail to be visualized by the interviewer (Bitner, Booms, and Tetreault 1990).

Negative critical incidents can be defined as out-of-the-ordinary events during an interaction that customers perceive or recall as unusually negative (Roos 2002). Furthermore, a negative critical incident can trigger a decline in customer satisfaction and alter customer behavior, such as negative word-of-mouth (e.g., Bitner, Booms, and
Tetreault 1990). Themes of the incidents can be defined as groupings of extremely similar concepts that were taken from the respondents' data. In addition, similar themes were gathered into higher-level categories, indicating what the researcher referred to as the antecedents and consequences of VCD. The results and rationale for coding each theme and category will be discussed in detail in Chapter Four.

An initial pretest was conducted before the main qualitative study. The main objective of the initial pretest was 1) to ensure the CIT questionnaire performed correctly online using Qualtrics and 2) for further refinement of the CIT questionnaire. Data were collected from two upper level undergraduate marketing classes by means of an open-ended questionnaire followed by several quantitative questions to gain a better understanding of the relevance of the incidents and the subsequent behaviors. The online CIT questionnaire began by randomly assigning respondents to recall either a very satisfying or very dissatisfying incident with a service firm. This method was decided given the majority of CIT studies collected a mix of both incident groups (Gremler 2004). The following questions were asked of all respondents:

- In what service industry was your experience?
- When and where did the incident happen?
- What specific circumstances led up to this situation?
- Please tell us about the incident in detail. Exactly what did you say or do? Exactly what did the service provider say or do?
- What specific details do you recall that made this experience very memorable for you?
- What kind of feelings or emotions did you experience during the incident?
• What resulted that made you feel the interaction was very satisfying/dissatisfying?
• What should you have said or done so that this incident was a satisfying encounter? Was there anything you could have said or done to prevent this negative experience?

Qualifying questions were also included, such as “Have you encountered a recent positive/negative service incident?” and “When did this incident occurred?”

Twenty-three students took part in the study and were between the ages of 20 to 26 years old (X = 21.9). Respondents were mostly female students (60.9%) and were predominantly Caucasian/White (73.9%). Twenty-three incidents were collected (10 dissatisfactory incidents and 13 satisfactory incidents), and represented a range of services including restaurant (52%), retail (26%), airline (9%), and hotel (4%). Results of the pretest suggest that the CIT questionnaire performed appropriately online using Qualtrics. Of the 10 dissatisfactory incidents, all 10 met the qualifying questions and responded correspondingly to the open-ended questions. Similarly, of the 13 satisfactory incidents, all 13 met the qualifying questions and responded correspondingly to the open-ended questions.

However, based on the types of incidents collected, the questionnaire was modified to clarify instructions and definitions of a critical incident, particularly a negative critical incident. As such, the main qualitative study focused on only negative critical incidents in professional services. In addition, the sequence of the questions was adjusted for clarity purposes. While there were hints of incidents in which consumers contributed negative value to their own service experience (e.g., “I could have stuck with the menu item as printed for the menu during this peak hour rather than make it difficult
for the server,” “I should have arrived [at the airport] an hour earlier to bypass all the nonsense and stress.”), more specific open-ended questions regarding their behaviors and predispositions prior to the negative critical incident were added.

In sum, the main exploratory qualitative study aided the researcher in determining the potential antecedents and consequences of value co-destruction as well as scenarios commonly taken place in negative incidents to be utilized for the experimental design. As such, the results of the qualitative study assisted in developing hypotheses for the empirical model and created the context for the experimental design in Chapter Four.

The Experiment

This research performed an experiment to test the proposed research hypotheses, which was developed after the qualitative study discussed above. As is common within the service failure and misbehavior literature, scenarios were presented to the experimental subjects. Pretests were used to ensure that the scenarios actually indicate what they purport to, and that they elicit the desired responses from respondents. The first pretest consisted of expert judges assessing the readability and understandability of the survey instructions and questions. The second pretest was performed to ensure the quality of the survey instrument. The pretest data were collected using an online consumer panel via Qualtrics. Respondents for this pretest were U.S. consumers with experience in professional services. The questionnaire was tested with 103 consumers to examine the validity and reliability of the instrument. A few of the personality trait scales (e.g., Machiavellianism) did not provide useful data and were removed from the instrument.

After confirming the antecedents of VCD through the qualitative study, two manipulations (Consumer Preparedness and Service Outcome) are of particular interest to
the researcher for this experiment. As such, a pretest and pilot study were carried out to ensure that the manipulations are indeed perceived as intended. In addition, by ensuring that the scenarios do indeed differ on the experimental manipulations and no other factors, the research eliminated the possibilities of experimental confounds.

The pretest respondents were expert judges who possess terminal degrees in the marketing field and/or have experience in a professional service. They were presented with definitions of underlying VCD antecedents and critical incident, and were asked to examine the written scenarios. The purpose here was to identify the presence or absence of VCD, as represented in the scenario they are reading. The responses were then aggregated and analyzed to determine if the scenarios project the functions intended.

The pilot study subjects were each presented with a scenario and required respondents to respond to questions regarding consumers' preparedness and service outcomes being presented in the scenario. After confirming with the qualitative study, behavioral components formed as consumers' preparedness in the exchange (i.e., consumer participation, role clarity, and perceived consumer knowledge). Since previous literature has examined these behavioral factors on an individual basis (Chan, Yim, and Lam 2010; Dong et al. 2015; Lakshmanan and Krishnan 2011; Meuter et al. 2005), this research focused on a holistic view of behavioral components in terms of how prepared consumers are in the service exchange: active vs. passive.

For example, an active behavior consists of high consumer participation, high role clarity, and high perceived knowledge of the service. In contrast, a passive behavior exhibits low consumer participation, low role clarity, and low perceived knowledge. In
addition, examining service outcome (positive vs. negative) is essential in order to vary the variance in the data.

The main experiment was administrated electronically via Qualtrics. The subjects consist of members of a panel put together by Qualtrics from the general U.S. population 18 years of age and over. Other special criteria to select the subject included experiencing a critical incident in a professional service within the last six months. Subjects were randomly assigned to one of the scenarios and were asked to imagine going through a critical incident in order to elicit and move those thoughts to the forefront of their cognition. Two variables (Consumer Preparedness X Service Outcome) were manipulated at two different levels resulting in a 2 (active vs. passive) X 2 (positive vs. negative) experimental design with four different experimental groups. This study employed a completely random between subjects experimental design.

The subjects then proceeded to the next section where key variables of interest were measured. These variables included psychological factors (e.g., mood, locus of control, self-esteem), consumer satisfaction, negative word-of-mouth (WOM), and intentions toward future misbehavior. Subjects were also asked to respond to general survey questions such as demographics questions. The qualitative study aided the researcher in developing the research hypotheses in Chapter Four. The proposed research hypotheses required the comparison of means between different experimental groups. As such, MANOVA was used to assess changes in the mean levels of consumer satisfaction, negative WOM, and intentions toward future misbehavior across the experimental conditions.
The Measures

This section describes the measurement scales used in this study. After validation of the antecedents and consequences of VCD with the qualitative study performed, variables were measured with pre-existing scales (e.g., consumer participation, role clarity, perceived knowledge, self-esteem, locus of control, mood, perceived service value, consumer satisfaction, negative WOM, and intentions toward future misbehavior).

Consumer Participation

Consumer participation refers to the extent in which consumers provide or share information, make suggestions, and become involved in decision making process of a service encounter (Chan, Yim, and Lam 2010). This construct was measured by asking the subjects to respond to statements regarding the scenario assigned, followed by five consumer participation items adapted from Chan, Yim, and Lam (2010) on a seven-point Likert scale.

Role Clarity

Consumer readiness refers to the extent to which a consumer is prepared to participate in service production and delivery (Dong et al. 2015; Meuter et al. 2005). Consumer readiness consists of three factors: role clarity, motivation, and ability. For the purpose of this research, only role clarity will be examined because previous research has found that role clarity is the strongest predictor of consumer readiness (Meuter et al. 2005). Role clarity reflects the consumer’s understanding of what is required of him in service production (Meuter et al. 2005). This factor was measured by asking the subjects to respond to statements regarding the scenario assigned, followed by five role clarity
items adapted from Rizzo, House, and Lirtzman (1970), and Meuter et al. (2005) on a seven-point Likert scale.

**Perceived Knowledge**

Perceived knowledge refers to how much a person believes him/herself to have knowledge and expertise about a topic compared to other people (Lakshmanan and Krishnan 2011). This factor was measured by asking the subjects to respond to statements regarding the scenario assigned, followed by six perceived knowledge items adapted from Lakshmanan and Krishnan (2011) on a seven-point scale.

**Self-Esteem**

Self-esteem refers to the extent in which one prizes, values, approves or likes oneself (Blascovich and Tomaka 1991). This factor was measured by asking the subjects to respond to statements regarding the scenario assigned, followed by six self-esteem items on a seven-point scale (Rosenberg 1965).

**Locus of Control**

Locus of control (LOC) refers to the degree in which a person believes he has personal control over his life outcomes (Rotter 1966). There are two dimensions of LOC: 1) internal LOC and 2) external LOC. People with an internal LOC believe the outcomes of situations are resulted from their actions, while those with an external LOC believe that outcomes of situations are beyond their control, making them powerless towards external influences (Cleveland, Kalamas, and Laroche 2005). This factor was measured by asking the subjects to respond to statements regarding the scenario assigned, followed by six LOC items used adapted from Rotter (1966) on a seven-point scale (Kopalle, Lehmann, and Farley 2010).
Mood

Mood can be conceptualized as feeling states that are subjectively perceived by individuals (Mayer, Bowen, and Moulton 2003) and as two independent bipolar positive and negative feeling states (Isen 1984). As such, this factor was measured by asking subjects to respond to statements regarding the scenario assigned, followed by four summed bipolar mood items (sad/happy, good mood/bad mood, irritable/pleased, and depressed/cheerful) adapted from Peterson and Sauber (1983) on a seven-point scale.

Perceived Service Value

Perceived service value in this study is conceptualized as hedonic and utilitarian value, as both values have been found in service experiences (Babin et al. 2005). Utilitarian value results when a consumer evaluates a consumption activity as successful in that a desired end result is achieved (Babin and James 2010). In contrast, hedonic value results when the act of experiencing a consumption activity is in and of itself gratifying. As such, these factors were measured on an 11-item seven point Likert hedonic value and a four-item seven point Likert utilitarian value scale (Babin, Darden, and Griffin 1994).

Consumer Satisfaction

Consumer satisfaction refers to the state that results when an experience meets or exceeds the customer’s needs or wants of a service (Oliver 1993). This factor was measured on a four-item seven-point Likert consumer satisfaction scale by asking subjects to indicate their level of agreement or disagreement with the statements (Lam et al. 2004; Oliver and Swan 1989).
Intentions Toward Future Misbehavior

Consumers’ intentions toward future misbehavior refer to the extent in which a consumer is willing to misbehave in an exchange in the future (Daunt and Harris 2011). According to Daunt and Harris (2011), “misbehavior” denotes behavior within the exchange that violates the generally accepted norms of conduct in such situations. This factor was measured by asking the subjects to respond to statements regarding their probability of misbehaving in the future in the scenario assigned, followed by four intentions toward future misbehavior items on a seven-point Likert scale (Daunt and Harris 2011).

Negative Word-of-Mouth (WOM)

Negative WOM refers to the degree in which a customer will express dissatisfaction with a company to other people (Gregoire and Fisher 2008). This factor was measured by asking the subjects to respond to statements regarding their probability of spreading negative WOM given the scenario assigned, followed by three WOM items on a seven-point scale (Gregoire and Fisher 2008).

Covariates

Consumers’ Relationship with the Provider and Previous Experience

Certain situational traits could influence the respondents’ performance outcomes of VCD. For example, relationship level refers to the type of relationship (more transactional or more relational) between the customer and the service provider (Hedrick, Beverland, and Minahan 2007). Research has demonstrated that these customers differ not only in the level of their evaluations, but also in the structural relationships of their evaluations (Garbarino and Johnson 1999). In addition, consumers with previous
experience with a service may increase ability and recognition of rewards and guide behavior (Meuter et al. 2000). As consumers' relationship with the provider and previous experience play a major role in some of the hypothesized differences, these factors were included as a covariate to obtain a clearer picture of the study at hand. These factors were measured by asking the subjects to respond to a question regarding their length of relationship with the provider on a seven-point scale (Lusch and Brown 1996), and their previous experience with the service, followed by three items on a seven-point scale (Meuter et al. 2005).

The Analyses

As previously mentioned, the qualitative analysis was carried out using the U.S. Center for Disease Control and Prevention’s CDC EZ-Text 4.0 qualitative analysis software. The measurements were carried out mostly with IBM SPSS Statistics software package and confirmatory factor analysis was used to validate the measures in the study. To form different groups of the independent variables of interest, measurements were dichotomize by performing median splits. MANOVA was used for mean comparisons between treatment groups for perceived service value, consumer satisfaction, negative WOM, and intentions toward future misbehavior. To further examine the univariate effects, t-tests were also performed.

The experimental design contained four cells. As such, there were overall comparisons between active behaviors (i.e., high consumer participation, high role clarity, and high perceived knowledge) vs. passive behaviors (i.e., low consumer participation, low role clarity, and low perceived knowledge). Further, there were overall
comparisons between a positive (good) and negative (bad) service outcome. Lastly, MANCOVA was used to control the influence of consumer's relationship with the provider and previous experience on the proposed relationships.
CHAPTER FOUR

MAIN STUDY AND RESULTS

As mentioned in the preceding chapter, this dissertation consists of two studies. This chapter therefore presents the results of both studies, including the development and results of the hypotheses tests proposed in this chapter. First, the results of the qualitative study are discussed. Then the empirical model and research hypotheses are presented. Finally, the analyses addressing the hypotheses are presented.

Qualitative Analysis

The qualitative study consisted of 103 respondents from a U.S. consumer panel via Qualtrics who have experience in professional services. The respondents received an online questionnaire instructing them to recall and write a critical negative incident they encountered within the last six months. The sample was balanced consisting of 53 female and 50 male consumers between the ages of 25 and 85 years old with the mean of 48 years old. 83.5% of the respondents were Caucasian/White and 56.3% were married. In addition, 47.6% held a college degree, and 41.7% were employed with a median income range of $25,000 to $49,999. The majority of respondents experienced a critical negative incident in the medical industry [69 (67%) medical and dental incidents] and the rest of
the incidents were in the financial industry [34 (33%) accounting, banking, insurance, real
estate, and financial incidents]. Table 4.1 displays the demographic profile of the sample.

Table 4.1

Demographic Profile of CIT Respondents

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>50</td>
<td>48.5</td>
<td>48.5</td>
</tr>
<tr>
<td>Female</td>
<td>53</td>
<td>51.5</td>
<td>100</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25-34</td>
<td>20</td>
<td>19.4</td>
<td>19.4</td>
</tr>
<tr>
<td>35-44</td>
<td>22</td>
<td>21.4</td>
<td>40.8</td>
</tr>
<tr>
<td>45-54</td>
<td>23</td>
<td>22.3</td>
<td>63.1</td>
</tr>
<tr>
<td>55-64</td>
<td>19</td>
<td>18.4</td>
<td>81.6</td>
</tr>
<tr>
<td>65+</td>
<td>19</td>
<td>18.4</td>
<td>100</td>
</tr>
<tr>
<td><strong>Race/Ethnicity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Caucasian/White</td>
<td>86</td>
<td>83.5</td>
<td>83.5</td>
</tr>
<tr>
<td>African American</td>
<td>3</td>
<td>2.9</td>
<td>86.4</td>
</tr>
<tr>
<td>Asian/Pacific Islander</td>
<td>3</td>
<td>2.9</td>
<td>89.3</td>
</tr>
<tr>
<td>Hispanic/Latino</td>
<td>8</td>
<td>7.8</td>
<td>97.1</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>2.9</td>
<td>100</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Highschool/GED</td>
<td>21</td>
<td>20.4</td>
<td>20.4</td>
</tr>
<tr>
<td>Some college</td>
<td>33</td>
<td>32.0</td>
<td>52.4</td>
</tr>
<tr>
<td>Associate degree</td>
<td>15</td>
<td>14.6</td>
<td>67.0</td>
</tr>
<tr>
<td>Bachelor’s degree</td>
<td>25</td>
<td>24.3</td>
<td>91.3</td>
</tr>
<tr>
<td>Master’s degree</td>
<td>8</td>
<td>7.8</td>
<td>99.0</td>
</tr>
<tr>
<td>Doctoral degree</td>
<td>1</td>
<td>1.0</td>
<td>100</td>
</tr>
<tr>
<td><strong>Marital Status</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>26</td>
<td>25.2</td>
<td>25.2</td>
</tr>
<tr>
<td>Married</td>
<td>58</td>
<td>56.3</td>
<td>81.6</td>
</tr>
<tr>
<td>Divorced</td>
<td>13</td>
<td>12.6</td>
<td>94.2</td>
</tr>
<tr>
<td>Separated</td>
<td>3</td>
<td>2.9</td>
<td>97.1</td>
</tr>
<tr>
<td>Widowed</td>
<td>3</td>
<td>2.9</td>
<td>100</td>
</tr>
<tr>
<td><strong>Employment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employed for wages</td>
<td>43</td>
<td>41.7</td>
<td>41.7</td>
</tr>
<tr>
<td>Self-employed</td>
<td>8</td>
<td>7.8</td>
<td>49.5</td>
</tr>
<tr>
<td>Out of work/Looking</td>
<td>4</td>
<td>3.9</td>
<td>53.4</td>
</tr>
<tr>
<td>Out of work/Not looking</td>
<td>1</td>
<td>1.0</td>
<td>54.4</td>
</tr>
<tr>
<td>Characteristics</td>
<td>Frequency</td>
<td>Percentage</td>
<td>Cumulative %</td>
</tr>
<tr>
<td>-------------------</td>
<td>-----------</td>
<td>------------</td>
<td>--------------</td>
</tr>
<tr>
<td>Homemaker</td>
<td>10</td>
<td>9.7</td>
<td>64.1</td>
</tr>
<tr>
<td>Student</td>
<td>1</td>
<td>1.0</td>
<td>65.0</td>
</tr>
<tr>
<td>Retired</td>
<td>21</td>
<td>20.4</td>
<td>85.4</td>
</tr>
<tr>
<td>Unable to work</td>
<td>15</td>
<td>14.6</td>
<td>100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Annual Household Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$25,000</td>
</tr>
<tr>
<td>$25,000 - $49,999</td>
</tr>
<tr>
<td>$50,000 - $74,999</td>
</tr>
<tr>
<td>$75,000 - $99,999</td>
</tr>
<tr>
<td>$100,000 - $124,999</td>
</tr>
<tr>
<td>$125,000+</td>
</tr>
</tbody>
</table>

Total N 103 100

Miles and Huberman’s (1994) framework for qualitative data analysis was applied in analyzing the respondents’ incidents in order to grasp any underlying structure to their stated negative experience. The qualitative data analysis consists of three concurrent procedures of 1) data reduction, 2) data display, and 3) drawing and verifying conclusions. Data reduction refers to the process whereby the mass of qualitative data is reduced and organized discarding irrelevant data. Data display includes having tables, charts, networks, and/or other graphical formats to assist in organizing, compressing, and assembling information. Initial conclusions can then be verified through reference to existing field notes or further data collection (Miles and Huberman 1994). As such, a sample of 50 random incidents was coded forming several concepts initially. Then a holdout sample (53 incidents) was then coded to validate the concepts that emerged.

Three levels of assessment in coding qualitative responses were utilized. The most basic of these three levels is the descriptive coding level. On this level, each word, line, and/or paragraph of the respondents’ statements were assessed in order to infer what the respondents were referencing. The second level consists of concepts, which are groupings
of similarly coded data from the respondents' statements. Finally, the third and highest level of coding (pattern coding) consists of categories grouped together by similar concepts (Miles and Huberman 1994). The respondents' incidents were coded using the CDC EZ-Text 4.0 qualitative analysis software developed by the U.S. Center for Disease Control and Prevention. Lastly, ensuring the trustworthiness of the qualitative analysis, an audit trail was provided for a judge to analyze and critically comment upon the adequacy of the findings (Holloway and Wheeler 2013).

**Results**

The analysis of the respondents' incidents resulted in multiple codes that resulted in 17 recurring concepts. In addition, no cut-off mark was indicated for a concept to be included in the results. That is, even if only one respondent displayed a concept, it was included in the results. These concepts/themes are summarized in Table 4.2.

<table>
<thead>
<tr>
<th>CONCEPT</th>
<th>EXAMPLE</th>
<th>% OF UNIQUE RECORDS CONCEPT*</th>
<th>THEME/CATEGORY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actions</td>
<td>&quot;I could have not worsened it by just ignoring her and wait for someone else to help me... Unfortunately started yelling at her.&quot;</td>
<td>31.1%</td>
<td>Behavioral Resources (56.3%)</td>
</tr>
<tr>
<td>Participation</td>
<td>&quot;I have gone through this so many times with them.&quot; &quot;I injured my shoulder and could not move my arm without extreme pain so I went to urgent care after the pain continued after three days.&quot;</td>
<td>9.7%</td>
<td></td>
</tr>
<tr>
<td>Physical Pain</td>
<td>&quot;I should have said something to the nurse about it not being what she thought it was, instead I kept my mouth shut.&quot;</td>
<td>8.7%</td>
<td></td>
</tr>
<tr>
<td>Inactions</td>
<td></td>
<td>6.8%</td>
<td></td>
</tr>
<tr>
<td>CONCEPT</td>
<td>EXAMPLE</td>
<td>% OF UNIQUE RECORDS CONCEPT*</td>
<td>THEME/CATEGORY</td>
</tr>
<tr>
<td>------------</td>
<td>--------------------------------------------------------------------------</td>
<td>-------------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>State</td>
<td>&quot;It set my anxiety of causing me to have a panic attack.&quot;</td>
<td>10.7%</td>
<td>Psychological Resources (66.0%)</td>
</tr>
<tr>
<td></td>
<td>&quot;I don't think it was anything I could have done differently. I was not in a position of power or strength.&quot;</td>
<td>55.3%</td>
<td></td>
</tr>
<tr>
<td>Self</td>
<td>&quot;We were chatting too long.&quot;</td>
<td>24.3%</td>
<td>Energy Resources (59.2%)</td>
</tr>
<tr>
<td></td>
<td>&quot;[.../] was immediately snapped at by a nurse who told me I was risking other patients privacy by being out of my assigned exam room.&quot;</td>
<td>35.0%</td>
<td></td>
</tr>
<tr>
<td>Time</td>
<td>&quot;[.../ was immediately snapped at by a nurse who told me I was risking other patients privacy by being out of my assigned exam room.&quot;</td>
<td>35.0%</td>
<td></td>
</tr>
<tr>
<td>Role</td>
<td>&quot;I was pissed thinking they were gonna charge us.&quot;</td>
<td>86.4%</td>
<td></td>
</tr>
<tr>
<td>Conflict</td>
<td>&quot;But I'm afraid I'm waging a losing battle.&quot;</td>
<td>23.3%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&quot;I felt very sad and depressed.&quot;</td>
<td>16.5%</td>
<td></td>
</tr>
<tr>
<td>Annoyed</td>
<td>&quot;The desire to drive to their location and go on a murder rampage. I'm being dead serious [...]&quot;</td>
<td>16.5%</td>
<td></td>
</tr>
<tr>
<td>Defensive</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Belittled</td>
<td>&quot;The way they talked to me like I was an idiot.&quot;</td>
<td>19.4%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&quot;... disturbed at the lack of information and training this person had&quot;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shock</td>
<td>&quot;I think I also lost some hair in the process.&quot;</td>
<td>11.7%</td>
<td></td>
</tr>
<tr>
<td>Lost</td>
<td>&quot;I was both mad and embarrassed that it happened.</td>
<td>12.6%</td>
<td></td>
</tr>
<tr>
<td>Shame</td>
<td>&quot;I also felt guilt [...] over the fact that cervical cancer is caused by sexually transmitted disease [...]&quot;</td>
<td>5.8%</td>
<td></td>
</tr>
</tbody>
</table>

*N = 103; *All respondents displayed one or more related concepts in this theme.*

Each concept and example of codes that constituted a concept are described and discussed in detail.

1. **Actions**: This concept encompasses all statements that suggest that the respondents took some action during the service encounter resulting in a negative outcome. These actions included leaving during the service encounter, missed or late for an appointment, being noncompliant with service provider's
recommendations, complaining in order to seek redress or compensation, yelling or swearing at the service provider, and/or explicitly said or did something that worsen the situation. Of the 103 analyzed respondents, 32 (31.1%) displayed this concept in their incidents. Examples of coded statements that displayed this concept include:

“I could have not worsened it by just ignoring her and wait for someone else to help me... Unfortunately started yelling at her.” (Respondent 109)

“I missed my appointment and was billed for it.” (Respondent 37)

“They asked if I had ever been [suicidal]... ‘hasn’t everybody sometime in their life’. They asked if I was at that time. Being a smart ass I said “yes, I’m pretty miserable. I hadn’t eaten or drank anything down in days... Next thing I know the doctor called an ambulance. I refused to go in an ambulance to the hospital. My husband drove me there thinking they would be able to draw blood and give me an IV to hydrate me... Much later a doctor came and began asking me [psychological] questions. I asked him if I was on some kind of [suicide] watch he answered yes... The end result... I had a doctor visit bill, a hospital bill, a bill for taking my blood, a bill for the IV for dehydration and a next data ill to sit down and tell him everybody there had overreacted... If that’s no enough, I go a certified mail letter that the whole medical staff refuse to see me further as a patient since I would not come n for a rioting checkup.” (Respondent 155)

2. Participation: This concept covers all involvement that respondents explicitly express being very involved in the encounter, not involved at all, or continue service even after repeated offense or mistakes in which led to a negative outcome. Of the 103 analyzed respondents, 10 (9.7%) displayed this concept in their incidents. Examples of coded statements that displayed this concept include:

“I have gone through this so many times with them.” (Respondent 52)

“The duration and effort it took on my part to resolve an issue that should never have been an issue.” (Respondent 193)

3. Physical Pain: This concept includes all statements that suggest respondents felt physical pain during the incident caused by them and/or the firm that worsen the
service encounter. Of the 103 analyzed respondents, nine (8.7%) displayed this concept in their incidents. Examples of coded statements that displayed this concept include:

"I had a rather large swollen place on the left side of my head. It was extremely painful. When it just kept getting bigger and became more and more painful I decided to go to the emergency room to have it checked out." (Respondent 30)

"I injured my shoulder and could not move my arm without extreme pain so I went to urgent care after the pain continued after three days." (Respondent 45)

4. Inactions: This concept constitutes all statements that suggest respondents explicitly express lack of action or voice in the service encounter, which contributed to their negative outcome. Of the 103 analyzed respondents, seven (6.8%) displayed this concept in their incidents. Examples of coded statements that displayed this concept include:

"I should have said something to the nurse about it not being what she thought it was, instead I kept my mouth shut." (Respondent 6)

"I should have stood up for my son and myself and talked back and said that it was NOT ok to say those things to us but I couldn't." (Respondent 17)

5. State: This concept includes all statements that suggest respondents experienced anxiety and/or change in mood during the service encounter that affected their psychological state. Respondents in this group suggested that their incident negatively affected their mood state and/or increased their anxiety level. In addition, hope was included in this concept as a motivational state. Of the 103 analyzed respondents, 11 (10.7%) displayed this concept in their incidents. Examples of coded statements that displayed this concept include:

"It set my anxiety of causing me to have a panic attack." (Respondent 124)
“My mood began to change as well. I went from being concerned about a possible infection to concerned about someone calling DCS because I had my 4-year-old daughter with me.” (Respondent 6)

6. **Self**: This concept encompasses all statements that suggest respondents’ self-esteem and/or self-efficacy were affected during the service encounter. Self-esteem refers to the extent to which one prizes, values, approves, or likes oneself; confidence in one’s worth. Here, respondents had been “ignored”, “lied to”, “insulted”, and/or made to “feel bad” about themselves, or the service providers had been “rude”, “unfriendly”, and/or “disrespectful”. Self-efficacy refers to one’s ability to exercise successful influence over their environment and accomplishment of their goals. Here, respondents felt they had no control over the situation or incident, which led to a negative outcome. Of the 103 respondents, 57 (55.3%) displayed this concept in their incidents. Examples of coded statements that displayed this concept include:

“The receptionist completely ignored me.” (Respondent 115)

“I don’t think it was anything I could have done differently. I was not in a position of power or strength.” (Respondent 18)

7. **Time**: This concept includes all statements that suggest respondents allowed excessive time spent or waiting time whether or not it was the service provider’s fault. Here, consumers did nothing or took action too late with the excessive time spent or waiting in which became a negative encounter. In addition, this concept consists of time that respondents did not have to make the encounter a satisfactory one. Of the 103 respondents, 25 (24.3%) displayed this concept in their incidents. Examples of coded statements that displayed this concept include:

“We were chatting too long.” (Respondent 61)
"This felt like this was a bait and switch tactic, but I had no choice than to pay the higher rate because I didn't have enough time to find alternate funding options prior to the close." (Respondent 70)

8. **Role Conflict**: This concept comprises all statements that suggest respondents have a lack of knowledge and skills to perform the service or may not understand what their needs and requirements are for the service. In addition, this concept includes respondents not aware of the firm’s policy regarding the service encounter whether or not the respondent was at fault. During role conflict between a frontline employee and his customer, there may be competing expectations with one another. Of the 103 analyzed respondents, 36 (35%) displayed this concept in their incidents. Examples of coded statements that displayed this concept include:

"I could have asked whether the quoted rate was "locked". However, home buying is done rarely, and you don't always think to ask those questions in the moment. However, if I had, I would have had the option of paying a flat fee to lock the rate, which would have saved me more than $100K over the life of the loan in this case. The fee would have been less than 1/10 that." (Respondent 70)

"I stepped out of my room because no one has been in to check on me for about 40 minutes and was immediately snapped at by a nurse who told me I was risking other patients privacy by being out of my assigned exam room. I told her that I was simply trying to ascertain the whereabouts of my provider. Again she told me that I have to go back to my room and wait my turn." (Respondent 18)

9. **Anger**: This concept contains all statements suggesting respondents felt anger, frustration, aggravation, and/or upset during the service encounter. Recalling a critical negative incident, it is no surprise that of the 103 analyzed respondents, 89 (86.4%) displayed this concept. Examples of coded statements that displayed this concept include:

"I was pissed thinking they were gonna charge us." (Respondent 58)

"I am frustrated because I do not want to lose my assistance for myself or my children." (Respondent 23)
10. **Fear**: This concept includes all statements that suggest respondents felt fear, confused, and/or nervousness during the service encounter. Of the 103 analyzed respondents, 24 (23.3%) displayed this concept in their incidents. Examples of coded statements that displayed this concept include:

“*But I’m afraid I’m waging a losing battle.*” (Respondent 184)

“*This frightened me greatly.*” (Respondent 92)

11. **Unhappy**: This concept encompasses all statements that suggest respondents felt disappointment, dissatisfaction, and/or sadness during the service encounter. Of the 103 analyzed respondents, 17 (16.5%) displayed this concept in their incidents. Examples of coded statements that displayed this concept include:

“... *disappointed because I was there to show him my walk had weakened and he totally disregarded it.*” (Respondent 127)

“*I felt very sad and depressed.*” (Respondent 22)

12. **Defensive**: This concept comprises all statements that suggest respondents felt cheated, mistrust, hostile, and/or retaliatory during the service encounter. Of the 103 analyzed respondents, 17 (16.5%) displayed this concept in their incidents. Examples of coded statements that displayed this concept include:

“*I felt cheated and inferior.*” (Respondent 7)

“*The desire to drive to their location and go on a murder rampage. I’m being dead serious. That’s how much they angered me.*” (Respondent 83)

13. **Belittled**: This concept includes all statements that suggest respondents felt belittled or stupid during the service encounter.
Of the 103 analyzed respondents, 20 (19.4%) displayed this concept in their incidents. Examples of coded statements that displayed this concept include:

"... made me feel like I was absolutely nothing." (Respondent 124)

"The way they talked to me like I was an idiot." (Respondent 56)

14. Shock: This concept contains all statements that suggest respondents felt shocked, disturbed, and/or disgusted during the service encounter. Of the 103 analyzed respondents, 12 (11.7%) displayed this concept in their incidents. Examples of coded statements that displayed this concept include:

"... disturbed at the lack of information and training this person had BUT more disturbing was this person was dispensing inaccurate information in a very dominating way" (Respondent 64)

"I was shocked." (Respondent 141)

15. Lost: This concept encompasses all statements that suggest respondents felt loss, stress, hopeless, and/or alone during the service encounter. Of the 103 analyzed respondents, 12 (11.7%) displayed this concept in their incidents. Examples of coded statements that displayed this concept include:

"I think I also lost some hair in the process." (Respondent 184)

"... hopeless for those of us who suffer from mental illness." (Respondent 101)

16. Shame: This concept includes all statements that suggest respondents felt embarrassment, humiliation, and/or shame during the service encounter. Of the 103 analyzed respondents, 13 (12.6%) displayed this concept in their incidents.
Examples of coded statements that displayed this concept include:

"I was both mad and embarrassed that it happened." (Respondent 176)

"... shame for being made to feel like I did something wrong when I cried out because of the pain she caused me... It was horrible, just a horrible experience that didn't get any better afterwards. The whole appointment went south.” (Respondent 34)

17. **Guilt**: This concept consists of all statements that suggest respondents felt guilt, regret, pity, and/or resentment during the service encounter. Of the 103 analyzed respondents, six (5.8%) displayed this concept in their incidents. Examples of coded statements that displayed this concept include:

"I also felt guilt [...] over the fact that cervical cancer is caused by sexually transmitted disease, as the nurse practitioner was more than happy to tell me with very little reassurance." (Respondent 92)

"My biggest emotional feel was disappointment feeling hurt by a visit that I was starting to regret." (Respondent 99)

Continuing with Miles and Huberman’s (1994) approach, the described concepts were grouped together into higher-level categories or themes (pattern coding). These higher-level themes are purported by this researcher to be the underlying behaviors, psychological factors, and service-based emotions that consumers engage in or experience during value co-destruction. Four of these themes emerged from the categorization process and are describe:

1. **Behavior Resources**: This theme includes the lower-level concepts described above, such as Actions, Participation, Physical Pain, and Inactions. In general, the concepts categorized within this theme suggest that consumers behaved in certain ways that led to a negative incident or worsened the situation thereby diminishing their own value. Surprisingly, taking no action at all or being passive
during the incident also led to a negative incident or worsened the situation. These actions and inactions were unintentional and intentional whether or not the consumer believes he was at fault. 58 (56.3%) of the respondents from the sample displayed concepts relating to this theme.

2. Psychological Resources: This theme includes the lower-level concepts described above, such as State, Self, and Hope. In general, the concepts categorized within this theme suggest that consumers felt higher levels of anxiety and a negative change in mood during the incident. Unlike emotions, mood is emotional state that is less specific and last longer than emotions (e.g., good or bad mood vs. angry) (Bagozzi, Gopinath, and Ny er 1999). Also, anxiety in this theme is considered as a state or trait. Interestingly, hope as a motivational state emerged. While it may be common for consumers to feel hopeless or lost during the negative incident, consumers were also hopeful for a better outcome. The results did not explicitly reveal that a consumer’s anxiety state and mood prior to the incident would influence the service encounter. Respondents did express a change in their anxiety level and mood during the incident though. In addition, a loss of self-related resources (i.e., self-esteem and self-efficacy) was included in this theme similar to Smith’s (2013) qualitative study on the value co-destruction process. However, Smith (2013) explores ways in which firms apply their own resources and those of their customers the wrong way, a departure from the results of this study, as it examines the consumers’ own resource disintegrations. 67 (65.0%) of the respondents from the sample displayed concepts relating to this theme.
3. **Energy Resources**: This theme includes the lower-level concepts described above, such as Time and Role Conflict. In general, the concepts categorized within this theme suggest that consumers spent an immense amount of time or had no time during the incident to resolve or make the incident a satisfactory one. While respondents in this group complained about the amount of excessive time spent or waiting for a service, ultimately, it was the consumers themselves that allowed such time wasted that led to a negative or worsened incident, whether or not it was the consumer's fault. Furthermore, respondents in this group were not aware of the firm's policy regarding the service encounter and/or have limited knowledge about the service. 61 (59.2%) of the respondents from the sample displayed concepts relating to this theme.

4. **Emotional Resources**: This theme includes the lower-level concepts described above, such as Anger, Fear, Unhappy, Defensive, Belittled, Shock, Shame, and Guilt. In general, the concepts categorized within this theme suggest that consumers experienced a vast array of negative emotions during the incident that influenced their well-being. Unlike psychological states, these emotions are expressed physically and are reactions to something (Bagozzi, Gopinath, and Nyer 1999). While it is no surprise that consumers were angry and frustrated during the negative incident, the results revealed, interestingly, that consumers experienced embarrassment, fear, guilt, and shame during the incident as well. All respondents from the sample displayed one or more concepts relating to this theme.
Summary

Examining the emerging themes, the qualitative results revealed that there are certain behavioral determinants of value co-destruction that exists (e.g., leaving in the middle of a service encounter that resulted in an unexpected bill afterwards). As described in Chapter Two, value co-destruction (VCD) refers to the decline in value created together by a provider and consumer from their interactions and experiences that result in resource disintegration. Here, resource disintegration is a result of resources being applied the wrong way or incongruent from both parties. As such, the incongruency of these behavioral resources diminished the value created together by the service providers and themselves. The unintentional behaviors, such as too much participation or being noncompliant of a service provider’s recommendations, induced the consumers to apply his own resources and/or of others incorrectly, and therefore, resulted in a negative outcome.

Interestingly, while the psychological determinants did not explicitly emerge as antecedents that influence the critical incident, there was evidence of a change in mood and anxiety level prior to the incident vs. during the incident. For example, the majority of the respondents were in a neutral mood state prior to the incident, but became upset, distressed, and/or nervous during the incident. In hindsight, it may have been difficult to capture the essence of a consumer’s psychological state prior to the incident, as the data were collected after the fact and online with a certain number of opened-ended questions. Nevertheless, the results did show that anxiety, mood, and control (e.g., self-efficacy) emerged during the incident. In addition, service-based emotions also materialized in the study. While it is not the main focus of this dissertation, many negative emotions, such as
anger, stress, embarrassment, guilt, and shame, surfaced during the incident that influenced the consumers' well-being and subsequently, led to a negative incident or worsened the situation. That is, emotion mediates between a consumption encounter and value.

Lastly and as expected, the critical incidents revealed that consumers experienced dissatisfaction and would not recommend the service to others as a consequence. In general, the data suggest that consumers were dissatisfied with the service encounter and resorted to another provider even when the service provider tried to recover the service failure because the incident was too severe. Interestingly, 60 (58.3%) of the respondents complained to the firm about the negative incident. Specifically, only seven (6.8%) of customers who experienced a problem with the service encounter actually complained to the employees serving them. This finding contrasts TARP Worldwide Service Industry 2007 data that 45% of customers who encounter a problem complain to employees serving them (Zeithaml, Bitner, and Gremler 2013). In addition, 40 (38.8%) of the respondents in the study complained to management or the company headquarters compared to the 1.5% from the TARP data.

Two reasons for this difference are perhaps the severity of the service failure and the professional services setting. Given that the data were critical negative incidents, these incidents were especially (extremely) dissatisfying from the consumer's perspective. Furthermore, professional services are high credence quality, and require more interaction and personalization. However, when there is a decline in value created together by the consumer and firm in this type of service, consumers are more likely to complain and/or not recommend the service to restore their perceived equality. In
addition, this study included incidents from the professional service industries (i.e., medical and financial) whereas the TARP Worldwide Service Industry data included incidents from the retail, financing, and insurance industries. As for future misbehavior intentions, the data did not reveal significant results of this consequence. However, five (3.9%) of the respondents suggested that they continue service with the firm even after repeated offense or mistakes, and/or are likely to complain just to receive compensation.

An Empirical Model

As previously discussed in Chapter Two, a potential model of manifestations and traits of VCD was shown in Figure 2.6. However, after performing and analyzing the qualitative study, an empirical model that clearly outlines the hypothesized relationships for the experiment is presented in Figure 4.1.

![Figure 4.1 Empirical Model](image-url)
Research Hypotheses

The research hypotheses cover the discussed concepts confirmed in the qualitative study. The previous section provides the basis for the hypotheses regarding consumer preparedness (active vs. passive), service outcome (positive vs. negative), psychological determinants, perceived service value, consumer satisfaction, negative word-of-mouth, and future misbehavior intentions.

H1A: Consumers exposed to an active (passive) behavior will report higher (lower) levels of perceived service value, and in turn, report higher (lower) levels of consumer satisfaction.

H1B: Consumers exposed to an active (passive) behavior will report higher (lower) levels of perceived service value, and in turn, report lower (higher) levels of negative word-of-mouth.

H1C: Consumers exposed to an active (passive) behavior will report higher (lower) levels of perceived service value, and in turn, report lower (higher) levels of future misbehavior intentions.

H2A: Consumers exposed to a positive (negative) outcome will report higher (lower) levels of perceived service value, and in turn, report higher (lower) levels of consumer satisfaction.

H2B: Consumers exposed to a positive (negative) outcome will report higher (lower) levels of perceived service value, and in turn, report lower (higher) levels of negative word-of-mouth.
H2C: Consumers exposed to a positive (negative) outcome will report higher (lower) levels of perceived service value, and in turn, report lower (higher) levels of future misbehavior intentions.

H3: Consumers exposed to a passive (active) behavior and negative (positive) outcome will report lower (higher) levels of perceived service value.

H4A: Consumers with low (high) self-esteem exposed to a passive (active) behavior will report lower (higher) levels of perceived service value.

H4B: Consumers with high (low) consumer alienation exposed to a passive (active) behavior will report lower (higher) levels of perceived service value.

H4C: Consumers in a negative (positive) mood exposed to a passive (active) behavior will report lower (higher) levels of perceived service value.

H4D: Consumers with high (low) anxiety exposed to a passive (active) behavior will report lower (higher) levels of perceived service value.

H4E: Consumers with low (high) locus of control exposed to a passive (active) behavior will report lower (higher) levels of perceived service value.

Pre-Test and Pilot Study

The second study in this dissertation is an experiment designed to adequately test the hypotheses proposed in this chapter. The experimental subjects read scenarios for a dental visit (Appendix B), in which Consumer Preparedness (active vs. passive), and Service Outcome (positive vs. negative) were manipulated. The goal of the manipulations was to determine whether these manipulations have any effect on the subjects’ perceived service value, consumer satisfaction, negative word-of-mouth, and intentions to future
misbehaviors. Before the main experiment was carried out, a pretest and pilot study were conducted on the experimental stimuli to ensure that the manipulations work as intended. The subjects were randomly assigned to either of the 2 X 2 conditions (Consumer Preparedness X Service Outcome).

The pretest was examined by three expert judges to assess the written scenarios and manipulations. These expert judges possess terminal degrees in the marketing field and/or have experience in the dental industry. In addition, they were presented with definitions of underlying VCD antecedents and the critical incident. The purpose here was to identify the presence or absence of VCD, as represented in the scenario they were reading. The results of the pretest were examined to ensure the manipulations were interpreted as intended, and the expert judges deemed it to be adequate after revisions were made.

The pilot study consisted of 74 undergraduate and graduate business students at a southeastern university. Given the 2 (Consumer Preparedness) X 2 (Service Outcome) manipulations, there were four written scenario conditions analyzed by the subjects. Consumer Preparedness was manipulated over two levels (active vs. passive). Active behavior describes a consumer with high consumer participation, high knowledge, and high role clarity. In contrast, passive behavior describes a consumer with low consumer participation, low knowledge, and low role clarity. In addition, Service Outcome was manipulated over two levels (positive vs. negative). In the positive condition, subjects read, “... the dentist concluded that you have a fractured tooth and he is able to save your
tooth. After saving your tooth, [...] You thank the dentist as the aching is gone, and leave the dental office with a perfect smile.” In the negative condition, subjects read, “... the dentist concluded that you have a fractured tooth and he is not able to save your tooth as it needs to be removed immediately. After removing your tooth, [...] You thank the dentist as the aching is gone, but leave the dental office with a missing front tooth.” (See Appendix B for full description of the scenarios).

Manipulation checks of the pilot study were carried out to ensure that potential subjects for the final experiment viewed active behaviors as being different from passive ones, and positive outcomes as being different from negative ones. ANOVA was used to assess the differences between the conditions. The results from this analysis are shown in Table 4.3.

Table 4.3

*Pilot Study Manipulation Checks*

<table>
<thead>
<tr>
<th>Condition</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>ANOVA F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Preparedness</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Active</td>
<td>37</td>
<td>4.86</td>
<td>1.153</td>
<td>18.310**</td>
</tr>
<tr>
<td>Passive</td>
<td>37</td>
<td>3.68</td>
<td>1.236</td>
<td></td>
</tr>
<tr>
<td>Service Outcome</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Positive</td>
<td>36</td>
<td>5.22</td>
<td>1.333</td>
<td>51.977**</td>
</tr>
<tr>
<td>Negative</td>
<td>38</td>
<td>3.01</td>
<td>1.302</td>
<td></td>
</tr>
</tbody>
</table>

**p < .001

Examining the conditions, the subjects who were exposed to an active behavior viewed the scenario as having a stronger behavior than those who were exposed to one with a passive behavior (M: 4.86 vs. 3.68) F = 18.310 (p < .001). Similarly, subjects who were exposed to a positive outcome viewed the scenario as having a more positive outcome than those who were exposed to one with a negative outcome (M: 5.22 vs. 3.01) F = 51.977 (p < .001).
In addition, confound checks were carried out to ensure that there are no alternative explanations beyond the experimental variables for any observed differences in the dependent variables (Perdue and Summers 1986; Zikmund and Babin 2010). ANOVA was used to assess the differences between the conditions and its effect size. The results from this analysis are shown in Table 4.4.

Table 4.4

*Pilot Study Confound Checks*

<table>
<thead>
<tr>
<th>Condition</th>
<th>MC</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>ANOVA F</th>
<th>SIG</th>
<th>ETA²</th>
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<tbody>
<tr>
<td><strong>Consumer Preparedness</strong> (CP)</td>
<td>CP Active</td>
<td>37</td>
<td>4.86</td>
<td>1.153</td>
<td>18.310</td>
<td>.000</td>
<td>.203</td>
</tr>
<tr>
<td></td>
<td>Passive</td>
<td>37</td>
<td>3.68</td>
<td>1.236</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Positive</td>
<td>36</td>
<td>4.58</td>
<td>1.511</td>
<td>4.049</td>
<td>.048</td>
<td>.053</td>
</tr>
<tr>
<td></td>
<td>Negative</td>
<td>38</td>
<td>3.97</td>
<td>1.069</td>
<td></td>
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<tr>
<td><strong>Service Outcome</strong> (SO)</td>
<td>SO Positive</td>
<td>36</td>
<td>5.22</td>
<td>1.333</td>
<td>51.977</td>
<td>.000</td>
<td>.419</td>
</tr>
<tr>
<td></td>
<td>Negative</td>
<td>38</td>
<td>3.01</td>
<td>1.302</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>CP Active</td>
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<td>4.28</td>
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<td>.963</td>
<td>.330</td>
<td>.13</td>
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<td></td>
<td>Passive</td>
<td>37</td>
<td>3.89</td>
<td>1.564</td>
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</tbody>
</table>

The manipulation for Consumer Preparedness on Service Outcome is statistically nonsignificant (M: 4.28 vs. 3.89) F = .963 (p > .05). However, the manipulation for Service Outcome on Consumer Preparedness is statistically significant (M: 4.58 vs. 3.97) F = 4.049 (p < .05). Therefore, the results of the confound checks revealed that the manipulations themselves are slightly confounded. However, the effect size for this relationship is relatively small (η² = .053) (Cohen 1992) and a slight degree of confounding is not concerning. For any confounding check, Perdue and Summers (1986) argue that the desired result is that the effect size for all main and interaction effects be close to zero.
Experimental Results

As mentioned in Chapter Three, a consumer household panel sample of the U.S. population ages 18 and over was gathered by Qualtrics. These sections discuss the results of the experiment starting with an assessment of the sample characteristics, followed by an assessment of the measurement model, and finally, the results of the manipulation checks and tested hypotheses.

Sample Characteristics

The sample acquired from Qualtrics data collection consisted of 200 subjects. Multiple attention and response bias checks were embedded in the survey to eliminate subjects not being thoughtful in their answers. While experienced panel members may be successful in eluding these checks, some still failed the attention checks and displayed response bias. As such, 10 cases were identified, and these subjects were eliminated from the study resulting in a final sample size of 190. Demographic data on these 190 subjects were collected (Table 4.5).

Table 4.5

Demographic Profile of Sample

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Cumulative %</th>
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<tbody>
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<td><strong>Gender</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>92</td>
<td>48.4</td>
<td>48.4</td>
</tr>
<tr>
<td>Female</td>
<td>98</td>
<td>51.6</td>
<td>100</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
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The sample was balanced consisting of about the same number of females and males between the ages of 18 and 83 years old with the mean of 45 years old. 87.4% of the subjects were Caucasian/White and 49.5% were married. In addition, 47.4% held a
college degree, and 44.7% were employed with a median income range of $25,000 to $49,999. Majority of the subjects experienced a critical professional service incident in the medical industry [132 (69.5%)], banking industry [110 (57.9%)], and dental industry [100 (52.6%)]. According to the 2014 U.S. Census, the sample is relatively consistent with the U.S. demographic profile (e.g., balanced gender, majority are Caucasian/White, and about half are married).

**Measurement Model Assessment**

A measurement model consisting of nine, multiple-item scales was assessed to confirm that the scales possessed satisfactory psychometric properties. In order to achieve this, confirmatory factor analysis (CFA) was performed using IBM SPSS Amos version 22. The initial model produced a \( \chi^2 \) value of 2390.94 (\( p < .001 \)) and 1439 degrees of freedom. Examining the fit indices for the model shown in Table 4.6, we note a comparative fit index (CFI) of .878, a parsimony normed fit index (PNFI) of .696, and a root mean square error of approximation (RMSEA) of .060. Although close to the baseline fit statistics suggested by Hair et al. (2006), these values suggest that the model fit is not ideal.

Table 4.6

**Initial Confirmatory Factor Analysis**

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<th>Initial CFA Results</th>
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The model was therefore reassessed and further purified. Six observed variables with factor loadings below 0.5 on their latent constructs were eliminated from the assessment (Hair et al. 2006). These variables included one item from the anxiety scale (ANX), two items from the consumer alienation scale (CA), and three items from the locus of control (LOC) scale. In addition, the standardized residual covariance matrix was examined to determine if any items were displaying unusually high values. As such, one observed variable from the anxiety scale displayed consistent patterns of high residual covariance and was also eliminated from the model assessment.

The reassessed congeneric model produced a $\chi^2$ value of 1765.33 ($p < .001$) and 1082 degrees of freedom. The fit indices for the model include a CFI of .911, a PNFI of .737, and a RMSEA of .058 (Table 4.7). Altogether, these indices suggest a reasonable fit based on samples with less than 250 respondents and over 30 observed variables (Hair et al. 2006). The standardized maximum likelihood loadings and fit statistics are shown in Table 4.7. Next, the measurement model was assessed for reliability, convergent validity, and discriminant validity.

Table 4.7

*CFA Results Including Standardized Loading Estimates*

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</table>

| AVE (%) | 57.57 | 79.23 | 60.64 | 53.03 | 39.70 | 68.91 | 62.38 | 86.15 | 76.16 | 58.37 |
| CR | 0.84 | 0.96 | 0.90 | 0.81 | 0.65 | 0.96 | 0.87 | 0.96 | 0.90 | 0.85 |

Construct reliability (CR) values of 0.7 and above, and the average variance extracted (AVE) values above 0.5 are ideal (Hair et al. 2006). From the CFA results in
Table 4.7, the AVE values are above adequate and the CR values all met or exceed the threshold except for the locus of control (LOC) construct (AVE = .397). Convergent validity was assessed by examining the extracted construct reliabilities and item loadings onto their respective constructs (Hair et al. 2006). All factor loadings were significant (p < .001), and the construct reliability estimates all meet or exceed 0.7 except for LOC (CR = 0.65).

Discriminant validity was assessed by comparing the squared correlation estimate between the latent constructs with the AVE for each construct (Table 4.8). The AVE values exceeding the squared interconstruct correlation shared between that construct and all other constructs within the model are ideal for discriminant validity (Fornell and Larcker 1981). Examining the aforementioned construct values, even though the LOC scale displayed below ideal construct variance extracted, all constructs within the model demonstrated discriminant validity.

Table 4.8

*Interconstruct Correlation Estimates (Standardized Φ)*

<table>
<thead>
<tr>
<th>Φ Squared Matrix</th>
<th>MD</th>
<th>ANX</th>
<th>SE</th>
<th>CA</th>
<th>LOC</th>
<th>HV</th>
<th>UV</th>
<th>SAT</th>
<th>NW</th>
<th>MI</th>
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<tr>
<td>ANX</td>
<td>0.12</td>
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</tr>
<tr>
<td>SE</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CA</td>
<td>0.08</td>
<td>0.03</td>
<td>0.06</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LOC</td>
<td>0.08</td>
<td>0.04</td>
<td>0.14</td>
<td>0.15</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HV</td>
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<td>0.06</td>
<td>0.02</td>
<td>0.10</td>
<td>0.04</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UV</td>
<td>0.02</td>
<td>0.08</td>
<td>0.03</td>
<td>0.05</td>
<td>0.03</td>
<td>0.28</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>SAT</td>
<td>0.01</td>
<td>0.12</td>
<td>0.01</td>
<td>0.06</td>
<td>0.02</td>
<td>0.44</td>
<td>0.44</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>NW</td>
<td>0.01</td>
<td>0.12</td>
<td>0.03</td>
<td>0.10</td>
<td>0.05</td>
<td>0.27</td>
<td>0.50</td>
<td>0.47</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MI</td>
<td>0.00</td>
<td>0.02</td>
<td>0.05</td>
<td>0.03</td>
<td>0.05</td>
<td>0.00</td>
<td>0.09</td>
<td>0.02</td>
<td>0.16</td>
<td></td>
</tr>
</tbody>
</table>
Correlation estimates between the latent constructs and its means and standard deviations of the endogenous constructs are reported in Table 4.9. Having passed all the requirements for construct reliability, convergent validity, and discriminant validity, the evidence suggests a sufficiently reliable and valid measurement model to move forward with further analyses.

Table 4.9

Construct Correlations, Means, and Standard Deviations

<table>
<thead>
<tr>
<th></th>
<th>M</th>
<th>SD</th>
<th>HV</th>
<th>UV</th>
<th>SAT</th>
<th>NW</th>
<th>MI</th>
</tr>
</thead>
<tbody>
<tr>
<td>HV</td>
<td>2.83</td>
<td>1.48</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>UV</td>
<td>4.67</td>
<td>1.53</td>
<td>0.53**</td>
<td>—</td>
<td>—</td>
<td>—</td>
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</tr>
<tr>
<td>SAT</td>
<td>4.07</td>
<td>1.81</td>
<td>0.67**</td>
<td>0.67**</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>NW</td>
<td>3.20</td>
<td>1.68</td>
<td>-0.52**</td>
<td>-0.71**</td>
<td>-0.69**</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>MI</td>
<td>2.07</td>
<td>1.18</td>
<td>0.01</td>
<td>-0.31**</td>
<td>-0.15*</td>
<td>0.40**</td>
<td>—</td>
</tr>
</tbody>
</table>

Note: N = 190 **p < .01 (two-tailed) *p < .05 (two-tailed)

Adapted Measurement Model

Before further analysis was conducted, the author noted that the locus of control (LOC) scale does not have the ideal psychometric properties. Of the six items, three items were dropped due to factor loadings below the .5 criteria (Hair et al. 2006). Doing so reduced the scale by half, which is not a standard practice in survey research (Zikmund and Babin 2010). Further examination revealed that the LOC construct is multidimensional and treating it as a unidimensional construct in the measurement model was not appropriate. In the pretest, the dimensionality of LOC was a two-factor solution with the reverse items falling into the second factor. In the main study, the assessment indicated that the 6-item LOC scale was also a two-factor solution, and the three items left in the measurement model fell into one factor. In hindsight, many LOC studies have
shown that the original scale by Rotter (1966) is multi-dimensional, and the shorten version of Rotter’s scale used in this study (Kopalle, Lehmann, and Farley 2010) may not have been appropriate since the authors did not state the process of how they selected the items to build their abbreviated version of the full LOC scale. In addition, further examination of the scale items suggests that the scale is more a matter of fatalism than attribution of the outcome.

As such, a scale used in the study, Attribution of the Service Failure (ASF), was used as a surrogate for LOC. Locus of control is defined as the degree to which a person believes that the outcomes in his or her life are determined by fate (external) or by oneself (internal) (Rotter 1966). In a similar vein, attribution of service failure is defined as the locus and magnitude of blame (responsibility) a customer believes should be placed for the failure (outcome) (Maxham and Netemeyer 2002). The logic here is that those who place blame onto others are exhibiting external locus of control, where as those who place blame onto themselves or accept responsibility for the outcome are displaying internal locus of control. This notion is also similar to the concept of “self-serving bias” as people tend to attribute positive outcomes to themselves and negative outcomes to external forces (Dong, Evans, and Zou 2008).

The measurement model replacing LOC with ASF produced a $\chi^2$ value of 1725.44 ($p < .001$) and 1082 degrees of freedom. The fit indices for the model include a CFI of .920, a PNFI of .747, and a RMSEA of .056. Taken together, these indices suggest a sufficient fit based on samples with less than 250 respondents and over 30 observed variables (Hair et al. 2006). The AVE and construct reliability are above ideal (AVE = .739 and CR = .89) suggesting convergent validity (Hair et al. 2006). In addition, the
AVE values exceeded the squared interconstruct correlation shared between that construct and all other constructs within the model indicating discriminant validity (Fornell and Larcker 1981). Thus, with the AVE and construct reliability above the suggested criteria, the adapted measurement model with ASF as a surrogate also displayed convergent and discriminant validity. As a result, using the ASF scale in place of LOC provided a more psychometrically sound measurement model.

**Experimental Design**

As mentioned previously, the data comprised of 190 subjects who were asked to imagine themselves going to a dentist appointment (Appendix B), in which Consumer Preparedness (active vs. passive), and Service Outcome (positive vs. negative) were manipulated. Subjects were randomly assigned to one of the four experimental conditions (Table 4.10). The number of subjects was relatively even ranging from 43 to 52 subjects in each condition. There were a total of 99 subjects who read an active behavior scenario, 52 with a positive outcome and 47 with a negative outcome. 91 subjects read a passive behavior scenario, 43 with a positive outcome and 48 with a negative outcome. In addition, measurements such as the psychological factors were dichotomized by performing median splits in order to group low and high levels.

**Table 4.10**

**Experimental Conditions and Corresponding Number of Subjects**

<table>
<thead>
<tr>
<th>Condition</th>
<th>Consumer Preparedness</th>
<th>Service Outcome</th>
<th>Number of Subjects</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Active</td>
<td>Positive</td>
<td>52</td>
</tr>
<tr>
<td>2</td>
<td>Active</td>
<td>Negative</td>
<td>47</td>
</tr>
<tr>
<td>3</td>
<td>Passive</td>
<td>Positive</td>
<td>43</td>
</tr>
<tr>
<td>4</td>
<td>Passive</td>
<td>Negative</td>
<td>48</td>
</tr>
</tbody>
</table>
Manipulation Checks

The next step in the study was to confirm that the manipulated factors in the experiment (Consumer Preparedness and Service Outcome) were perceived as intended (Perdue and Summers 1986). Consumer Preparedness was manipulated on two levels: active vs. passive. Active behavior consisted of high consumer participation, high knowledge of service, and high role clarity. In contrast, passive behavior consisted of low consumer participation, low knowledge of service, and low role clarity. These three factors were chosen given the results of the qualitative study, as these factors emerged as resource disintegrations. As such, subjects were expected to view active behavior as stronger than passive behavior in response to three questions, “How much did you participate in this dental experience?”, “How knowledgeable were you about dental care?”, and “Did you understand what was required of you in the dental service?” The subjects’ responses were then aggregated to create a composite score.

Similarly, Service Outcome was manipulated on two levels: positive vs. negative. Here, subjects were expected to view positive outcome as stronger than negative outcome in response to two questions, “How did you feel about the outcome of the dental visit?” and “Was the outcome of the dental visit a good or bad one?” The subjects’ responses were then aggregated to create a composite score as well. As can be seen in Table 4.11, both manipulation checks created significant difference in means in the expected direction.
Table 4.11

*Experimental Manipulation Checks*

<table>
<thead>
<tr>
<th>CONDITION</th>
<th>N</th>
<th>MEANS</th>
<th>SD</th>
<th>ANOVA F</th>
<th>ETA²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Preparedness</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Active</td>
<td>99</td>
<td>5.26</td>
<td>1.171</td>
<td>4.283*</td>
<td>0.022</td>
</tr>
<tr>
<td>Passive</td>
<td>91</td>
<td>4.86</td>
<td>1.361</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service Outcome</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Positive</td>
<td>95</td>
<td>5.23</td>
<td>1.729</td>
<td>45.831**</td>
<td>0.196</td>
</tr>
<tr>
<td>Negative</td>
<td>95</td>
<td>3.45</td>
<td>1.890</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*p < .05  **p < .001

The ANOVA for Consumer Preparedness condition produced an F-value of 4.28 (p < .05). Subjects in the active behavior condition perceived that the behavior was significantly stronger than subjects in the passive behavior condition (M: 5.26 vs. 4.86). Note that the effect is not as strong as in the pilot study. The Service Outcome condition produced an ANOVA F-value of 45.83 (p < .001). Subjects in the positive outcome condition perceived that the outcome was significantly more positive than subjects in the negative outcome condition (M: 5.23 vs. 3.45). In addition, the means plots results of these manipulation checks are shown in Figures 4.2 and 4.3.
Figure 4.2 Consumer Preparedness X Service Outcome Interaction Plot

Figure 4.3 Service Outcome X Consumer Preparedness Interaction Plot
Examining the interaction plots, Consumer Preparedness X Service Outcome interactions have no significant effect on either Consumer Preparedness or Service Outcome. Furthermore, confound checks were carried out to ensure that there are no alternative explanations beyond the experimental variables for any observed differences in the dependent variables (Perdue and Summers 1986). The results from this analysis are shown in Table 4.12.

Table 4.12

*Experimental Confound Checks*

<table>
<thead>
<tr>
<th></th>
<th>MC Condition</th>
<th>N</th>
<th>MEANS</th>
<th>SD</th>
<th>ANOVA F</th>
<th>SIG</th>
<th>ETA²</th>
</tr>
</thead>
<tbody>
<tr>
<td>CP</td>
<td>Active</td>
<td>99</td>
<td>5.26</td>
<td>1.171</td>
<td>4.283</td>
<td>.040</td>
<td>.022</td>
</tr>
<tr>
<td></td>
<td>Passive</td>
<td>91</td>
<td>4.86</td>
<td>1.361</td>
<td>4.257</td>
<td>.040</td>
<td>.022</td>
</tr>
<tr>
<td>SO</td>
<td>Positive</td>
<td>95</td>
<td>5.26</td>
<td>1.258</td>
<td>4.257</td>
<td>.040</td>
<td>.022</td>
</tr>
<tr>
<td></td>
<td>Negative</td>
<td>95</td>
<td>4.88</td>
<td>1.273</td>
<td>4.257</td>
<td>.040</td>
<td>.022</td>
</tr>
<tr>
<td>SO</td>
<td>Positive</td>
<td>95</td>
<td>5.23</td>
<td>1.729</td>
<td>45.831</td>
<td>.000</td>
<td>.196</td>
</tr>
<tr>
<td></td>
<td>Negative</td>
<td>95</td>
<td>3.45</td>
<td>1.890</td>
<td>45.831</td>
<td>.000</td>
<td>.196</td>
</tr>
<tr>
<td>CP</td>
<td>Active</td>
<td>99</td>
<td>4.45</td>
<td>2.017</td>
<td>.645</td>
<td>.423</td>
<td>.003</td>
</tr>
<tr>
<td></td>
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<td>91</td>
<td>4.21</td>
<td>2.015</td>
<td>.645</td>
<td>.423</td>
<td>.003</td>
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</tbody>
</table>

Similar to the results of the pilot study, the manipulation check item for Consumer Preparedness based on the Service Outcome manipulation is not statistically significant (M: 4.45 vs. 4.21, F = .645 p > .05). However, the manipulation of Service Outcome on Consumer Preparedness is statistically significant (M: 5.26 vs. 4.88, F = 4.257 p < .05) demonstrating significant confound. While the effect size for this relationship is relatively small ($\eta^2 = .022$), the size effect is the same for both the manipulation check and confound check of Consumer Preparedness. For any confounding check, Perdue and Summers (1986) argue that the desired result is that the effect size for all main and interaction effects be close to zero.
Further examination revealed that even though the manipulation for Consumer Preparedness was statistically significant, the manipulation did not fully work as intended when examining the three questions individually for Consumer Preparedness. Results of this analysis are shown in Table 4.13.

Table 4.13

*Alternative Experimental Manipulation Checks*

<table>
<thead>
<tr>
<th>DV</th>
<th>MANOVA F</th>
<th>SIG</th>
<th>CONDITION</th>
<th>MEANS</th>
<th>ANOVA F</th>
<th>SIG</th>
</tr>
</thead>
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<td>MC1A</td>
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<td>5.34</td>
<td>.165</td>
<td>.685</td>
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<td>Passive</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>7.950</td>
<td>.000</td>
<td>Active</td>
<td>5.06</td>
<td>18.344</td>
<td>.000</td>
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<td>.005</td>
<td>.942</td>
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<td>Passive</td>
<td>-5.35</td>
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<tr>
<td>MC1C</td>
<td></td>
<td></td>
<td>Active</td>
<td>5.33</td>
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<td></td>
<td></td>
<td></td>
<td>Passive</td>
<td>-5.35</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

MC1A = "How much did you participate in this dental experience?"
MC1B = "How knowledgeable were you about dental care?"
MC1C = "Did you understand what was required of you in the dental service?"

The MANOVA for Consumer Preparedness condition on the three individual manipulation check items produced an F-value of 7.950 (p < .001). However, the univariate results suggest that subjects in this study perceived MC1B, "How knowledgeable were you about dental care?" as the driving manipulation behind Consumer Preparedness (F = 18.344, p < .001). The other two questions, "How much did you participate in this dental experience?" and "Did you understand what was required of you in the dental service?" were not significant. Given that the subjects in this study perceived knowledge as the manipulation for Consumer Preparedness, further analyses were moved forward with Level of Knowledge as Consumer Preparedness. That is, for the sake of simplicity and clarity, Consumer Preparedness is Level of Knowledge. Active
behavior is high level of knowledge and passive behavior is low level of knowledge. The updated experimental conditions and corresponding number of subjects are shown in Table 4.14. The next step of the study involved testing the research hypotheses proposed.

Table 4.14

*Updated Experimental Conditions and Corresponding Number of Subjects*

<table>
<thead>
<tr>
<th>Condition</th>
<th>Level of Knowledge</th>
<th>Service Outcome</th>
<th>Number of Subjects</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>High</td>
<td>Positive</td>
<td>36</td>
</tr>
<tr>
<td>2</td>
<td>High</td>
<td>Negative</td>
<td>24</td>
</tr>
<tr>
<td>3</td>
<td>Low</td>
<td>Positive</td>
<td>32</td>
</tr>
<tr>
<td>4</td>
<td>Low</td>
<td>Negative</td>
<td>42</td>
</tr>
</tbody>
</table>

**Hypotheses Testing**

H1 stated that subjects exposed to an active (passive) behavior will report higher (lower) levels of perceived service value (hedonic and utilitarian value), and in turn, report higher (lower) levels of consumer satisfaction (H1A), report lower (higher) levels of negative word-of-mouth (H1B), and report lower (higher) levels of future misbehavior intentions (H1C). Utilizing Level of Knowledge as Consumer Preparedness, the active behavior condition is high level of knowledge and the passive behavior condition is low level of knowledge. The empirical models for H1 are shown in Figures 4.4 and 4.5. The results for H1A-C are shown in Tables 4.15 and 4.16.
Figure 4.4 Empirical Model 1 for H1

Figure 4.5 Empirical Model 2 for H1
Table 4.15

Results for Hypothesis 1

<table>
<thead>
<tr>
<th>Model</th>
<th>DV</th>
<th>MANOVA F</th>
<th>SIG</th>
<th>Level of Knowledge</th>
<th>MEANS</th>
<th>ANOVA F</th>
<th>SIG</th>
</tr>
</thead>
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<tr>
<td>1</td>
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<tr>
<td></td>
<td>Misbehavior Intentions</td>
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<td></td>
<td>Hedonic Value</td>
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<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Utilitarian Value</td>
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<td></td>
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<td></td>
<td></td>
<td>4.352</td>
<td>.006</td>
<td>Low</td>
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<td>.003</td>
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<td>4.52</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Low</td>
<td>3.40</td>
<td>.469</td>
<td>.495</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>High</td>
<td>3.20</td>
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<td></td>
<td></td>
<td>Low</td>
<td>2.10</td>
<td>.280</td>
<td>.597</td>
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<td></td>
<td></td>
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<td>High</td>
<td>1.99</td>
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<td>Low</td>
<td>2.33</td>
<td>15.048</td>
<td>.000</td>
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<td></td>
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<td></td>
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<td>3.32</td>
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</tr>
<tr>
<td></td>
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<td>High</td>
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</tr>
</tbody>
</table>

Table 4.16

Results for Hypothesis 1 with Perceived Service Value as Covariate

<table>
<thead>
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<th>DV</th>
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<td>.017</td>
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<td>Satisfactiona</td>
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R-Squared = .635 (Adjusted R-Squared = .621)
R-Squared = .588 (Adjusted R-Squared = .572)
R-Squared = .168 (Adjusted R-Squared = .136)
The MANOVA for the Level of Knowledge condition on consumer satisfaction, negative word-of-mouth, and future misbehavior intentions produced an F-value of 4.352 (p = .006). As a result, there are significant differences within at least one of the dependent variables across the Level of Knowledge conditions. Further examination showed that subjects in the high knowledge condition display a higher level of consumer satisfaction (M: 3.59 vs. 4.52) F = 9.136 (p < .05), but did not display any difference in negative word-of-mouth or future misbehavior intentions than subjects in the low knowledge condition (Table 4.15). In addition, the MANOVA for the Level of Knowledge condition on perceived service value produced an F-value of 8.156 (p = .000). As a result, there are significant differences with one of the dependent variables across the Level of Knowledge conditions. Further examination showed that subjects in the high knowledge condition display a higher level of hedonic value (M: 3.32 vs. 2.33) F = 15.048 (p < .001), but did not display any difference in utilitarian value than subjects in the low knowledge condition (Table 4.15).

Now examining the effects of Level of Knowledge with perceived service value as a covariate, a MANCOVA was also performed. The results of the MANCOVA are shown in Table 4.16. Not meeting the assumption of homogeneity of covariance (p < .05), the MANCOVA for the Level of Knowledge condition produced an F-value of 14.130 (p = .000) and 25.570 (p = .000) for hedonic value and utilitarian value, respectively, as covariates. These results suggest that perceived service value adjusted values of the dependent variables. In addition, the MANCOVA for the Level of Knowledge condition produced an F-value of 2.044 (p = .111) suggesting that there is no evidence of a significant main effect when controlling for perceived service value. Next,
meeting the assumption of homogeneity of variance (p > .05), the results reveal a significant direct effect for the covariates (Table 4.16). That is, there is a direct effect of hedonic value on consumer satisfaction \([F = 33.771 \ (p < .001), b = .498, t = 5.811 \ (p = .000)]\), on negative word-of-mouth \([F = 6.835 \ (p < .05), b = -.219, t = -2.614 \ (p = .010)]\) and on future misbehavior intentions \([F = 5.874 \ (p < .05), b = .187, t = 2.424 \ (p = .017)]\). There is also a direct effect of utilitarian value on consumer satisfaction \([F = 35.816 \ (p < .001), b = .472, t = 5.985 \ (p = .000)]\), on negative word-of-mouth \([F = 61.605 \ (p < .001), b = -.603, t = -7.849 \ (p = .000)]\), and on future misbehavior intentions \([F = 20.761 \ (p < .001), b = -.324, t = -4.556 \ (p = .000)]\). As a result, hedonic value and utilitarian value contribute significantly to the model. Taken altogether, \(H1A \ is \ supported, \ but \ H1B \ and H1C \ are \ partially \ supported\).

To determine if the effect of the Level of Knowledge condition on the dependent variables becomes significant after controlling for the subjects’ previous experience with dental services, MANCOVA was also performed. The MANCOVA for the Level of Knowledge condition produced an F-value of 0.952 (p = .103). The results suggest that the effect of Level of Knowledge on the dependent variables is insignificant even after controlling for the effects of previous experience.

H2 stated that subjects exposed to a positive (negative) outcome will report higher (lower) levels of perceived service value (hedonic and utilitarian value), and in turn, report higher (lower) levels of consumer satisfaction (H2A), report lower (higher) levels of negative word-of-mouth (H2B), and report lower (higher) levels of future misbehavior intentions (H2C). The empirical models for H2 are shown in Figures 4.6 and 4.7. The results for H2A-C are shown in Tables 4.17 and 4.18.
Figure 4.6 Empirical Model 1 for H2

Figure 4.7 Empirical Model 2 for H2
### Table 4.17

*Results for Hypothesis 2*

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### Table 4.18

*Results for Hypothesis 2 with Perceived Service Value as Covariate*

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<td>Misbehavior Intentions</td>
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<td>Misbehavior Intentions</td>
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<td>.000</td>
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</table>

R-Squared = .635 (Adjusted R-Squared = .621)  
R-Squared = .588 (Adjusted R-Squared = .572)  
R-Squared = .168 (Adjusted R-Squared = .136)
The MANOVA for the Service Outcome condition on consumer satisfaction, negative word-of-mouth, and future misbehavior intentions produced an F-value of 9.685 (p < .001). The results suggest significant differences in at least one of the dependent variables across the Service Outcome conditions. Further examination revealed that subjects in the positive outcome condition display a higher level of satisfaction (M: 4.78 vs. 3.32) F = 22.645 (p < .001), a lower level of negative word-of-mouth (M: 2.56 vs. 4.04) F = 26.542 (p < .001), and a lower level of future misbehavior intentions (M: 1.84 vs. 2.24) F = 3.661 (p < .10) than subjects in the negative outcome condition (Table 4.17). In addition, the MANOVA for the Service Outcome condition on perceived service value produced an F-value of 8.286 (p < .001). That is, subjects in the positive outcome condition display a higher perceived value (hedonic and utilitarian value) than subjects in the negative outcome condition (MHV: 3.17 vs. 2.48) F = 7.312 (p < .05) (MUV: 5.21 vs. 4.10) F = 16.141 (p < .001) (Table 4.17).

Examining the effects of Service Outcome with perceived service value as a covariate, a MANCOVA was also performed. The results of the MANCOVA are shown in Table 4.18. Not meeting the assumption of homogeneity of covariance (p < .05), the MANCOVA for the Service Outcome condition produced an F-value of 14.130 (p = .000) and 25.570 (p = .000) for hedonic value and utilitarian value, respectively, as covariates. These results suggest that perceived service value adjusted values of the dependent variables. In addition, the MANCOVA for the Service Outcome condition produced an F-value of 3.808 (p = .012) suggesting that there is evidence of a significant direct effect when controlling for perceived service value. Next, meeting the assumption of homogeneity of variance (p > .05), the results reveal a significant direct effect for the
covariates (Table 4.18). That is, there is a direct effect of hedonic value on consumer satisfaction \( [F = 33.771 \ (p < .001), \ b = .498, \ t = 5.811 \ (p = .000)] \), on negative word-of-mouth \( [F = 6.835 \ (p < .05), \ b = -.219, \ t = -2.614 \ (p = .010)] \) and on future misbehavior intentions \( [F = 5.874 \ (p < .05), \ b = .187, \ t = 2.424 \ (p = .017)] \). There is also a direct effect of utilitarian value on consumer satisfaction \( [F = 35.816 \ (p < .001), \ b = .472, \ t = 5.985 \ (p = .000)] \), on negative word-of-mouth \( [F = 61.605 \ (p < .001), \ b = -.603, \ t = -7.849 \ (p = .000)] \), and on future misbehavior intentions \( [F = 20.761 \ (p < .001), \ b = -.324, \ t = -4.556 \ (p = .000)] \). As a result, hedonic value and utilitarian value contribute significantly to the model. Thus, \( H2A-C \ are supported. \)

To determine if the effect of the Service Outcome condition on the dependent variables remain significant after controlling for the subjects’ previous experience with dental services, MANCOVA was also performed. The MANCOVA for the Service Outcome condition produced an F-value of 3.782 (p < .05). The results suggest that the effect of Service Outcome on the dependent variables is still significant even after controlling for the effects of previous experience.

H3 stated that subjects exposed to a low (high) level of knowledge and negative (positive) outcome will report lower (higher) levels of perceived service value (hedonic value and utilitarian value). As shown in Table 4.19, the MANOVA for Level of Knowledge across the Service Outcome conditions produced an F-value of 3.534 (p = .032). The means plots results are shown in Figures 4.8 and 4.9.
Table 4.19

Results for Hypothesis 3

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<th>MEANS</th>
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Figure 4.8 Level of Knowledge X Service Outcome on Hedonic Value
The results reveal that there was a statistically significant differences between the different conditions of Level of Knowledge and Service Outcome on perceived service value. Further examining the Level of Knowledge X Service Outcome conditions individually, subjects exposed to a low level of knowledge display lower hedonic value when the service outcome was negative than those exposed to a high level of knowledge when the service outcome was positive (M: 2.33 vs. 4.00) \( t = -4.898 \) (\( p < .05 \)). In addition, subjects exposed to a low level of knowledge display lower utilitarian value when the service outcome was negative than those exposed to a high level of knowledge when the service outcome was positive (M: 4.15 vs. 5.53) \( t = -4.141 \) (\( p < .05 \)). Therefore, \( H3 \) is supported.

\( H4 \) stated that subjects exposed to a certain level of knowledge on perceived service value will vary based on the subjects’ level of psychological determinants. As such, median splits were performed on the psychological factors to determine low and
high groups. The empirical model for H4 is shown in Figure 4.10. The results for H4A-E are shown in Tables 4.20 – 4.25.

Table 4.20

Results for Hypothesis 4A

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<th>DV</th>
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<th>Level of Knowledge</th>
<th>Self-Esteem</th>
<th>MEANS</th>
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Table 4.21

Results for Hypothesis 4B

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Table 4.22

Results for Hypothesis 4C

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<th>Mood</th>
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Table 4.23

Results for Hypothesis 4D

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Table 4.24

Results for Hypothesis 4E

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H4A stated that subjects exposed to low level of knowledge with low self-esteem will display lower levels of perceived service value than those exposed to high level of knowledge with high self-esteem. The MANOVA for Level of Knowledge and Self-Esteem conditions produced an F-value of 4.039 (p = .020) (Table 4.20). As a result, there are significant differences between the different conditions of Level of Knowledge and Self-Esteem on hedonic value or utilitarian value. Further examination revealed that subjects exposed to low level of knowledge with low self-esteem display lower hedonic value than those exposed to high level of knowledge with high self-esteem (M: 2.46 vs. 3.74) t = -3.473 (p < .05). In addition, subjects exposed to low level of knowledge with low self-esteem display lower utilitarian value than those exposed to high level of knowledge with high self-esteem (M: 4.24 vs. 5.10) t = -2.447 (p < .05) Consequently, H4A is supported. The means plots results are shown in Figures 4.11 and 4.12.
H4B stated that subjects exposed to a low level of knowledge with high consumer alienation will display lower levels of perceived service value than those exposed to a
high level of knowledge and low consumer alienation. The MANOVA for Level of Knowledge and Consumer Alienation conditions produced an F-value of 6.767 (p < .05) (Table 4.21). As a result, there are significant differences between the different conditions of Level of Knowledge and Consumer Alienation on either hedonic value or utilitarian value. Further examination revealed that subjects exposed to low level of knowledge with high consumer alienation display lower hedonic value than those exposed to high level of knowledge with low consumer alienation (M: 2.45 vs. 4.11) t = -4.3335 (p < .05). In addition, subjects exposed to low level of knowledge with high consumer alienation display lower utilitarian value than those exposed to high level of knowledge with low consumer alienation (M: 4.27 vs. 5.32) t = -2.821 (p < .05). Therefore, H4B is supported. The means plots results are shown in Figures 4.13 and 4.14.

Figure 4.13  Level of Knowledge X Consumer Alienation on Hedonic Value
H4C stated that subjects exposed to a low level of knowledge with a negative mood will display lower levels of perceived service value than those exposed to a high level of knowledge and positive mood. The MANOVA for Level of Knowledge and Mood conditions produced an F-value of 5.158 ($p < .05$) (Table 4.22). As a result, there are significant differences between the different conditions of Level of Knowledge and Mood on either hedonic value or utilitarian value. Further examination revealed that subjects exposed to low level of knowledge with a negative mood display lower hedonic value than those exposed to high level of knowledge with positive mood ($M: 2.41$ vs. $3.58$) $t = -3.294$ ($p < .05$). In addition, subjects exposed to low level of knowledge with a negative mood display lower utilitarian value than those exposed to high level of knowledge with positive mood ($M: 4.09$ vs. $4.89$) $t = -2.098$ ($p < .05$). Thus, H4C is supported. The means plots results are shown in Figures 4.15 and 4.16.
H4D stated that subjects exposed to a low level of knowledge with high anxiety will display lower levels of perceived service value than those exposed to a high level of
knowledge with low anxiety. The MANOVA for Level of Knowledge and Anxiety conditions produced an F-value of 3.237 ($p < .05$) (Table 4.23). As a result, there are significant differences between the different conditions of Level of Knowledge and anxiety on either hedonic value or utilitarian value or both. Further examination revealed that subjects exposed to a low level of knowledge with high anxiety display lower hedonic value than those exposed to high level of knowledge with low anxiety ($M: 1.97$ vs. $3.73$) $t = -4.896$ ($p < .05$). In addition, subjects exposed to a low level of knowledge with high anxiety display lower utilitarian value than those exposed to high level of knowledge with low anxiety ($M: 3.67$ vs. $5.16$) $t = -4.151$ ($p < .05$). Therefore, H4D is supported. The means plots results are shown in Figures 4.17 and 4.18.

![Figure 4.17 Level of Knowledge X Anxiety on Hedonic Value](image-url)

*Figure 4.17 Level of Knowledge X Anxiety on Hedonic Value*
Finally, H4E stated that subjects exposed to a low level of knowledge with low locus of control will display lower levels of perceived service value than those exposed to a high level of knowledge with high locus of control. As mentioned previously, Attribution of the Service Failure (ASF) construct was used as a surrogate for Locus of Control (LOC) construct due to its psychometric property issues. Therefore, subjects exposed to a low level of knowledge with high attribution of the service failure will display lower levels of perceived service value than those exposed to a high level of knowledge with low attribution of the service failure. The MANOVA for Level of Knowledge and ASF conditions produced an F-value of 1.411 (p > .05) (Table 4.24). As a result, there are no differences between the different conditions of Level of Knowledge and ASF on either hedonic value or utilitarian value. Consequently, H4E is not supported. The means plots results are shown in Figures 4.19 and 4.20.
Figure 4.19 Level of Knowledge X Attribution of Service Failure on Hedonic Value

Figure 4.20 Level of Knowledge X Attribution of Service Failure on Utilitarian Value

As an alternate analysis for Attribution of the Service (ASF), a MANOVA was performed with Level of Knowledge and Locus of Control (LOC). The results reveal an
F-value of 4.828 (p < .05) suggesting that there are significant differences between the different conditions of Level of Knowledge and LOC (Table 4.25). Specifically, subjects exposed to low level of knowledge with low locus of control (external locus of control) display lower hedonic value than those exposed to high level of knowledge with high locus of control (internal locus of control) (M: 2.57 vs. 3.85) t = -3.447 (p < .05). In addition, subjects exposed to low level of knowledge with low locus of control (external locus of control) display lower utilitarian value than those exposed to high level of knowledge with high locus of control (internal locus of control) (M: 4.39 vs. 5.33) t = -2.259 (p < .05). Thus, maintaining Locus of Control in the analysis would support H4E. However, this result should be taken with caution, as the psychometric properties of the locus of control scale were not ideal. The means plots results are shown in Figures 4.21 and 4.22. A summary of the hypotheses is shown in Table 4.26.

![Figure 4.21 Level of Knowledge X Locus of Control on Hedonic Value](image-url)
Figure 4.22 Level of Knowledge X Locus of Control on Utilitarian Value

Table 4.26

Summary of Hypotheses

<table>
<thead>
<tr>
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<th>t-VALUE</th>
<th>SIG</th>
<th>CONCLUSION</th>
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<td>.495</td>
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*MANOVA F-value<sup>a</sup>Hedonic Value<sup>b</sup>Utilitarian Value
Summary of Chapter

The purpose of this chapter was to present and explain the results of the qualitative and experimental study outlined in Chapter Three. The first section of this chapter addressed the results of the qualitative analysis utilizing a critical incident technique. Following the qualitative study, an assessment of the written scenarios used in the experimental study was presented with a pretest and pilot study. Next, the results of the pretest of the manipulations were put forth. Then the results of the main analyses were presented with the 12 proposed research hypotheses. Of the 12 relationships, 11 were found to be significant, with two being partially supported. The last chapter will discuss the implications of the results from both studies.
CHAPTER FIVE

CONCLUSIONS

The objective of this chapter is to discuss the implications of the results divided into four sections. First, the results of the qualitative study are discussed with respect to the research questions. Second, the results of the experimental study are discussed in relation to the hypothesized relationships and research questions. Then the contributions and managerial implications of this dissertation are presented. Lastly, this chapter includes the limitations of this study as well as future research opportunities.

Discussion of Results

Findings of Qualitative Study

The main objective of the qualitative study was to examine possible antecedents and consequences of value co-destruction (VCD). Given the poorly understood nature of VCD within a service context, a qualitative research approach was deemed appropriate and to the author's knowledge, no study has examined the antecedents and consequences of VCD. In addition, the results of the qualitative study assisted in developing hypotheses for the empirical model and created the context for the experimental design in Chapter Four. Based on S-D logic, consumers do not enter the marketing exchange to intentionally destroy value. That is, if resources are applied the wrong way, then the value potential is not realized from the dyad. Therefore, this author argues that value co-destruction is the opposite of value co-creation according to S-D logic. As such, value co-
destruction refers to the decline in value created together by a provider and consumer from their interactions and experiences that result in resource disintegration.

Based on Hobfoll’s (2002) classification of resources, there are several types of resource losses that customers experience including material (e.g., transportation, food), self (e.g., self-esteem, self-efficacy), social (e.g., support), and energies (e.g., time, money, knowledge, and physical/emotional effort). As such, this dissertation offered a typology of value destruction based on the intentionality of resource disintegrations from two service systems, the consumer and the firm. The proposed typology seeks to extend the value co-creation literature by offering a unique classification scheme of co-destruction based on the consumer, firm, or both (see Table 2.5). In other words, what may be value destruction for one service system may be value creation or value destruction for the other service system. Previous studies have examined these resource disintegrations from the firm’s perspective (e.g., Smith 2013). However, one of the major contributions of this study is examining these resource incongruences and antecedents of VCD from the consumer’s perspective of their own resource disintegrations.

The findings of the qualitative study provide support for the antecedents and resource disintegrations of VCD. Utilizing a critical incident technique with the Miles and Huberman’s (1994) approach, four higher-level themes emerged from the categorization process including 1) Behavioral Resources, 2) Psychological Resources, 3) Energy Resources, and 4) Emotional Resources. These themes are similar to Hobfoll’s (1989, 2002) Conservation of Resources, which refers to objects, personal characteristics, conditions, or energies that are loss or gain affecting an individual’s well-being. According to Conservation of Resources (COR) theory, people seek to obtain, maintain,
and protect their resources, and that their well-being is affected when resources are threatened with loss or when people fail to gain resources after resource investment (Hobfoll 2002).

In Behavioral Resources, the concepts categorized within this theme suggest that consumers behaved in certain ways that led to a negative incident or worsened the situation thereby diminishing their own value (e.g., continuing participation after repeated service failures, yelling or cursing at the service provider). This finding supports previous research that certain behaviors, such as participation, can be productive or destructive for the consumer, firm, or both (Bendapudi and Leone 2003; Hibbert, Piacentini, and Hogg 2012). Surprisingly, taking no action at all or being passive during the incident also led to a negative incident or worsened the situation. These actions and inactions were unintentional and intentional whether or not the consumer believes he was at fault.

In Psychological Resources, the concepts categorized within this theme suggest that consumers felt higher levels of anxiety and a negative change in mood during the incident. Interestingly, hope as a motivational state emerged. While it may be common for consumers to feel hopeless or lost during a negative incident, consumers were also hopeful for a better outcome, which is particularly common with healthcare services. In addition, a loss of self-related resources (i.e., self-esteem and self-efficacy) emerged similar to Hobfoll’s (1989, 2002) personal characteristics resources and Smith’s (2013) qualitative study on the value co-destruction process. Here, respondents felt they were “ignored,” “lied to,” “insulted,” and/or made to “feel bad” about themselves, or the service providers had been “rude,” “unfriendly,” and/or “disrespectful.” Furthermore,
respondents felt they had no control over the situation or incident, which led to a negative outcome. This finding not only supports previous studies of resource disintegrations (e.g., Hobfoll 2002, Smith 2013), but it also supports the notion of psychological determinants consumers may have that influence the service encounter.

Next, Energy Resources includes lower-level concepts, such as Time and Role Conflict. In general, the concepts categorized within this theme suggest that consumers spent an excessive amount of time or had no time during the incident to resolve or make the incident a satisfactory one. While respondents in this group complained about the amount of excessive time spent or waiting for a service, ultimately, it was the consumers themselves that allowed such time wasted that led to a negative or worsened incident, whether or not it was the consumer’s fault. Furthermore, respondents in this group were not aware of the firm’s policy regarding the service encounter and/or have limited knowledge about the service. This finding supports previous studies that argue consumers who have no or little knowledge of the co-creation may slow down the service process and negatively affects their own satisfaction (Zeithaml, Bitner, and Gremler 2013). Furthermore, if consumers do not perform their roles effectively, it may not be possible for employees to provide the level of quality promised by the firm. Time and role conflict found in this study are also similar concepts to Hobfoll’s (1989, 2002) energies resource which consists of time, money, physical/emotional effort, and information.

Lastly, Emotional Resources includes lower-level concepts, such as Anger, Fear, Defensive, Belittled, Shame, and Guilt. While it is no surprise that consumers were angry and frustrated during the negative incident, the results revealed, interestingly, that consumers experienced embarrassment, fear, guilt, and shame during the incident as well.
The results also shed light that expressing their critical incident through this study was a venting mechanism for consumers to cope with their emotional resource losses. While this theme emerged similar to Hobfoll’s (1989, 2002) energies resources (e.g., emotional effort), emotions or affect played a dominant role in this study as a resource disintegration. Moreover, this finding supports previous studies that negative emotions can affect value in service experiences (e.g., Babin et al. 2013).

Now addressing the research questions from Chapter One as follows:

1. What type of behaviors do consumers engage in during value co-destruction (VCD)?

Through the qualitative study, a myriad of behaviors emerged that consumers engaged in during a negative critical incident that resulted in consumers destructing their own value. For instance, a consumer leaving during the service encounter or missing their scheduled appointment resulted in a service charge even though the consumer did not see the service provider. In addition, consumers being noncompliant with the service provider’s recommendations also led to a decline in value for the consumers. Furthermore, some consumers continue service with the firm even after repeated offense or mistakes from the firm. They also worsen the service encounter by yelling, swearing, or getting louder at the service provider whether or not the service failure was the firm’s fault. Interestingly, the study also revealed that consumers taking no action or being passive during their incident contributed to the negative outcome. Taken together, these behaviors suggest that consumers can play a part of diminishing the service encounter and ultimately, their own value.
2. What is VCD like in professional services, which consumers may find impossible to evaluate even after purchase and consumption (e.g., appendix surgery), from the consumers’ perspective?

Results from the qualitative study revealed the VCD in professional services is more complex compared to other services (e.g., discrete services). Complex decision situations often lead consumers to rely on their feelings or emotions in decision-making (Crie and Chebat 2013). As such, the findings support this notion of consumers’ involvement and behavior being emotionally heightened given the type of service. All of the respondents in the study displayed one or more misappropriation of emotional resources particularly anger, fear, belittlement, defensive, and shame.

As mentioned in Chapter Four, consumers were very dissatisfied with the service encounter and resorted to another provider even when the service provider tried to recover the service failure because the incident was too severe. While 58.3% of the respondents complained to the firm about the negative incident, only 6.8% of them actually complained to the employees serving them. This finding is counter to previous findings that 45% of customers who encounter a problem complain to employees serving them (Zeithaml, Bitner, and Gremler 2013). In addition, 38.8% of the respondents in the current study complained to management or the company headquarters compared to the 1-5% found in the previous studies.

Two reasons for this difference are perhaps the severity of the service failure and the professional services setting. Given that the data were critical negative incidents, these incidents were especially (extremely) dissatisfying from the consumer’s perspective. Furthermore, professional services possess high credence properties, and
require more interaction and personalization. However, when there is a decline in value created together by the consumer and firm in this type of service, consumers are more likely to complain and/or not recommend the service to restore their perceived equality. In addition, consumers are more likely to complain to management or company headquarters in this type of service since complaining to the employees or providers serving them may possibly worsen the situation, such as retaliation.

3. If there are different types of behaviors in VCD, then is there a difference between unintentional vs. intentional behaviors?

This question was mainly addressed by the qualitative study in which both unintentional and intentional behaviors were exhibited during the critical incidents. According to Ple and Chumpitaz (2010), misuse of resources can be accidental or unintentional, such as a role conflict between a frontline employee and his customer. In contrast, intentional misuse of resources is a deliberate, conscious effort to create value imbalances that may have diminution effects (value co-destruction) for one of the service systems, while the other system may experience benefits (value co-creation). Unintentional behaviors of consumers were displayed in the study, such as role conflict, lack of knowledge of service, missed appointments, and too little or too much participation. Intentional behaviors of consumers in the study consisted of explicitly seeking revenge, leaving during a service encounter, yelling or swearing, and consciously taking no action to prevent further co-destruction.

4. What kind of resource disintegrations is found in service encounters particularly with high credence properties?
In this study, a critical incident technique was adopted in analyzing the respondents’ responses to questions regarding a recent critical negative incident they encountered. The analysis resulted in four major types of resource disintegrations in this research: 1) Behavioral Resources, 2) Energy Resource, 3) Psychological Resources, and 4) Emotional Resources. Behavioral Resources consisted of consumers’ actions, participation (or lack of), inflicted physical pain, and inactions that led to a negative incident or worsen the situation. Energy Resources included incongruence of consumers’ own time, role clarity, and knowledge that diminish their own value. Psychological Resources consisted of consumers’ psychological state and self, and hope. Lastly, Emotional Resources included consumers’ negative emotions, such as anger, fear, belittlement, shame, and guilt. These four types of resource disintegrations are very relevant to the professional service context, as these service encounters have high credence properties.

5. What are the factors or characteristics that encourage VCD within a professional (e.g., medical, financial, legal) service context, which are customized, high contact, and high in credence properties?

The findings from the qualitative study revealed that there are certain psychological factors that encouraged consumers to co-destruct their own value in a professional service encounter. For example, over half of the respondents reported that their self-esteem was affected during the incident, which worsened the situation as consumers unintentionally or intentionally behaved a certain way. In addition, consumers’ anxiety level and mood played a factor in the co-destruction, which affected their psychological state. While the psychological determinants did not explicitly emerge
as antecedents that influence the critical incident, there was evidence of a change in mood and anxiety level prior to the incident vs. during the incident. For example, the majority of the respondents were in a neutral mood state prior to the incident, but became upset, distressed, and/or nervous during the incident. In hindsight, it may have been difficult to capture the essence of a consumer's psychological state prior to the incident, as the data were collected after the fact and online with a certain number of opened-ended questions.

6. What are the outcomes of value co-destruction in a professional service context?

The findings confirm that consumers experienced dissatisfaction and would not recommend the service to others as a consequence. The data also suggest that consumers resorted to another provider even when the service provider tried to recover the service failure because the incident was too severe. As for future misbehavior intentions, the findings did not reveal significant results of this consequence. However, 3.9% of the respondents reported that they continue service with the firm even after repeated offense or mistakes, and/or are likely to complain just to receive compensation.

Findings of the Experimental Study

The purpose of the experimental study was to test the proposed research hypotheses developed after the qualitative study. While the qualitative study aided the researcher in determining underlying behaviors and factors that encourage VCD and the type of resource disintegrations, an experimental design of classifying what type of resource disintegrations that truly encourages consumers to diminish their own value was needed to be developed. The current literature has little research on value co-destruction, and especially within the realm of professional services. Previous studies have only conceptualized value co-destruction and few have only hinted at the notion of co-creating
efforts leading to negative value. As such, the experimental study examines consumers’ consumer preparedness, psychological determinants, and service outcome as an effective means of producing or diminishing value.

The first set of hypotheses argue that active behavior (high knowledge) would generate better perceived service value, and in turn, higher consumer satisfaction, lower negative word-of-mouth, and lower future misbehavior intentions than passive behavior (low knowledge). The results of the experiment suggest that Level of Knowledge has a direct influence on consumer satisfaction, but it did not lead to less negative word-of-mouth or future misbehavior intentions. In other words, consumers with a low level of knowledge of the service (Energy Resources) were less satisfied than those with a high level of knowledge. However, it did not matter whether consumers had low or high knowledge of the service when it came to negative word-of-mouth or future misbehavior intentions.

A possible explanation for this result is that the difference in means for negative word-of-mouth and future misbehavior intentions was below the median on a scale of 1-7 (floor effects), suggesting that perhaps the critical incident was not severe enough to warrant additional effort of co-destruction. In addition, Level of Knowledge generated better hedonic value than utilitarian value. However, when controlling for perceived service value (hedonic value and utilitarian value), the values adjusted the dependent variables suggesting that both values play a significant role in a consumer’s level of knowledge on relationship quality outcomes. In other words, the results show that inclusion of perceived service value improved estimates of the relationship quality outcomes (consumer satisfaction, negative word-of-mouth, and future misbehavior
intentions), compared to without perceived service value. Thus, this finding suggests that perceived service value may be a driving factor behind the outcomes of VCD.

This finding also addresses Research Question (RQ) 4 and 6. Energy Resources (Level of Knowledge) played a significant role in service encounters with high credence properties. One note to mention, however, is that the manipulation of the experiment for Consumer Preparedness (consumer participation, level of knowledge, and role clarity) did not work as intended, as Level of Knowledge was the driving factor behind Consumer Preparedness. Consequently, Behavioral Resources (e.g., consumer participation) was not exhibited (RQ1). Moreover, the results of the experiment suggest that the outcomes of VCD results in less satisfaction, and also greater negative word-of-mouth and greater future misbehavior intentions when controlling for perceived service value (RQ6).

The second set of hypotheses deals with the service outcome influencing perceived service value, and in turn, relationship quality outcomes. Attribution theory maintains that people tend to assign causality for events, but they are even more compelled to do so for outcomes that are negative or unexpected (Folkes 1982). The results of the experiment support this premise as Service Outcome has a direct influence on all the dependent variables. In other words, consumers with a positive service outcome were more satisfied, less likely to spread negative word-of-mouth, and less likely to misbehave in the future. In addition, when controlling for perceived service value (hedonic value and utilitarian value), both values play a significant role in the service outcome on the relationship quality outcomes. Similar to Level of Knowledge, the results show that inclusion of perceived service value improved estimates of the relationship quality outcomes, compared to without perceived service value. Again, this finding is
further evidence that perceived service value may be a driving factor behind the outcomes of VCD.

Furthermore, recent studies have found that increased consumer participation in co-production could have negative outcomes for consumers (Bendapudi and Leone 2003; Dong et al. 2015; Greer 2015; Zhuang, Babin, and Tran 2014). As such, in situations where the outcomes are jointly produced by the firm and consumer, this “bias” could have detrimental effects on customer satisfaction (Bendapudi and Leone 2003). Therefore, it was argued that subjects with a low level of knowledge and a negative outcome would perceive lower levels of service value than those with a high level of knowledge and a positive outcome. The results of the experiment support this contention for both hedonic value and utilitarian value. In other words, knowledge makes a significant difference in the co-creation condition (high knowledge) in regards to experiential and utilitarian value.

The last set of hypotheses argues that the Consumer Preparedness (Level of Knowledge) on a consumer’s perceived service value is influenced by his or her psychological determinants and traits. Previous studies have found that personality traits and predispositions of the consumer are important drivers of dysfunctional consumer behavior (Fullerton and Punj 1993; Harris and Reynolds 2003). These psychological characteristics include personality traits, control, and state of mind. Logically, the same personality traits and predispositions of a consumer that drive dysfunctional consumer misbehavior may also be present in consumers who co-destruct value.

The results of the experiment reveal that subjects exposed to a low level of knowledge (Energy Resources) with low self-esteem or high consumer alienation
displayed lower levels of hedonic and utilitarian value than those with a high level of knowledge. This finding supports previous research in the association of high consumer alienation and low self-esteem with consumer misbehavior (e.g., Daunt and Harris 2011, 2012; Mills 1981). Furthermore, the results of the experiment also show that subjects exposed to a low level of knowledge with high anxiety or negative mood prior to the incident displayed lower levels of hedonic and utilitarian value than those with a high level of knowledge. This finding supports the notion that a consumer’s anxiety level may increase proneness to misbehave (Hobfoll 2002) and that mood can influence cognitive processes and therefore, impact overall satisfaction (e.g., Gardner 1985; Mattila 1998; Raajpoot and Sharma 2006). Furthermore, these results also address RQ5 in which psychological traits, such as self-esteem, consumer alienation, and anxiety, encourage VCD within professional services.

Lastly, the results of the study indicate that attribution of the service failure did not make a difference in perceived service value whether they were exposed to a low or high level of knowledge. This finding counters previous studies regarding attribution theory. Attribution of the service failure refers to the locus and degree of blame or responsibility a consumer believes should be placed for the failure or outcome (Maxham and Netemeyer 2002). A possible explanation for these results is perhaps the service outcome in the written scenario (i.e., saving or removing the tooth) was not substantial enough to warrant a consumers’ mood or attribution to influence their perceived service value.
Implications and Contributions

This section addresses the implications of the study as well as its contributions to the conceptual, substantial, and methodological domains of marketing. First, this research makes a significant contribution to the conceptual domain of marketing by extending the service-dominant (S-D) logic thought in regards to value co-destruction (VCD). Previous researchers have paid scant attention to the potential negative aspects of co-creation or when co-creation does not lead to increased positive value. To this effect, this research argues that consumers do not enter the marketing exchange to intentionally destroy value, but that if resources are applied the incorrect way in a service encounter, then the value potential is not realized from the dyad. Therefore based on S-D logic, value co-destruction refers to the decline in value created together by a provider and consumer from their interactions and experiences that result in resource disintegration.

Another conceptual contribution to the marketing domain is that given the lack of research on VCD and response to previous researchers' call for future research in this area, this study is the first to examine the possible determinants and outcomes of VCD. By putting forth a typology of value destruction through resource disintegration, it allows researchers and practitioners to conceptualize, understand, and organize examples of VCD and potential causes of VCD. In addition, the results of the study reveal that there are different types of resources that consumers can apply the wrong way resulting in a decline in value for themselves, the service provider, or both. These resource disintegrations include behavioral, psychological, energy, and emotional.

As a substantial contribution to the marketing domain, the findings also show that certain psychological determinants and traits of a consumer (e.g., self-esteem, consumer
alienation, and anxiety) may adversely affect the co-creation process and thereby, diminish the value potential of an exchange. Therefore, if marketers want to encourage co-creation without the possible diminutive effects of resource disintegrations, they have to first understand the psychological profile of their targeted consumers. Furthermore, by understanding and identifying what type of behaviors encourage VCD within professional services (e.g., leaving in the middle of a service encounter, missed or late appointments, being non-compliant, or yelling/swearing at provider), marketers can take proactive measures in preventing these behaviors to arise in the first place. Such measures would reduce the risks of resource disintegration through employee training for firms and match appropriate resources to the recovery efforts.

Another substantial contribution to the marketing domain is that perceived service value may be playing a bigger role in professional service encounters than relationship quality outcomes, such as consumer satisfaction, than previously thought. Prior studies have found that both utilitarian value and hedonic value exist in the service experience. Functional qualities of a service are typically associated with utilitarian value and affect qualities are related to hedonic value, with both equally contributing to consumer satisfaction and word-of-mouth (Babin et al. 2005). However, this research reveals that a consumers’ preparedness (active vs. passive) and the service outcome (positive vs. negative) have significant indirect effects on consumer satisfaction, negative word-of-mouth, and future misbehavior intentions when controlling for perceived service value. In addition, of the eleven significant relationships, all were significant with hedonic and utilitarian value suggesting that consumers relied on their feelings or emotions as well as utility when evaluating their service. Therefore, in the context of professional services
such as dental care, marketers should take affect and functional qualities more into consideration.

Lastly, this research makes a significant contribution to the methodological domain of marketing by employing a multi-method study. Responding to the disciplinary push for more multi-method research studies, this research employed a qualitative study through use of a critical incident technique (CIT) and an experimental study for empirical testability of the inferences found in the qualitative study. Given the poorly understood nature of VCD within a professional service context, the multi-method approach was deemed appropriate in order to explore, develop, and refine the core concept and dynamics of VCD. Early consumer researchers agree that both qualitative and quantitative aspects of consumer research contribute significantly to the development of the discipline as a whole (e.g., Holbrook 1987). As such, utilizing a CIT in this study assisted in producing detailed descriptions of the under-researched phenomenon, which then provided a basis for empirical testing. Furthermore, experimental studies may not always consider the essence and nuances of consumer behavior (or misbehavior), such as a venting mechanism for consumers when there is a service failure, unlike qualitative studies can. Equally, the use of quantitative analysis is vital as well for rigor and empirical testability of the phenomenon of interest.

Limitations and Future Research

As with most research studies, the current study also possesses some limitations that lead to possible future research endeavors. First, the external validity of the findings may be a limitation since only one dental visit scenario was used in the experimental study. While every effort was taken into consideration in developing the service scenario
based on the qualitative results, Consumer Preparedness (consumer participation, level of knowledge, and role clarity) was not robust enough to relate to the measures of latent independent variables. As such, only Level of Knowledge represented Consumer Preparedness in this study. Therefore, while the manipulations were relevant and believable to the subjects, future research efforts should consider delineating Consumer Preparedness even more, as previous research has found that consumer participation can disrupt the service encounter and have negative psychological outcomes for consumers (e.g., Bendapudi and Leone 2003; Hibbert, Piacentini, and Hogg 2012).

In addition, other professional service scenarios should be examined to test Consumer Preparedness across different service contexts. While meticulous scrutiny was taken in developing the dental scenario as accurately as possible, the artificial nature of an experiment does not truly replicate real life situations. As such, subjects may have been more or less attentive to the presented stimuli than they would be in the real marketplace. Thus, examining other professional service scenarios in both online and live-based settings would validate whether value co-destruction (VCD) holds across different service contexts.

Another limitation of this study is a methodological concern across both the qualitative study and experimental design. Regarding the qualitative study, effort was taken to ensure that the coding and interpretation of the qualitative responses were rigorous and valid. However, as is with all observations, qualitative responses are subject to interpretation of the interviewer. While Miles and Huberman’s (1994) framework for qualitative data analysis was applied in this study, future studies should consider other measures such as member checks and additional coders to increase trustworthiness. In
addition, more powerful qualitative data software may provide richer insights and discovery, as the CDC EZ-Text software is limited in its capabilities.

Regarding the experimental study, the psychometric properties of the locus of control (LOC) scale were not adequate. Careful attention should take place when deciding on a LOC scale, as LOC is considered a multi-dimensional construct. In addition, further examination of the scale items suggests that the scale is more a matter of fatalism (a trait of a person) than attribution of the outcome (specific to a situation). As such, a surrogate scale, attribution of the service failure (ASF), was adopted given its similar premise. However, the results of the experimental study reveal that ASF did not make a significant difference. Future research could overcome this issue by exploring the original or other LOC scales; thus, eliminating the need for a surrogate scale.

Not having an actual measure of value co-destruction is another limitation of the study. Given the recent phenomenon of VCD, there is no current measure of value co-destruction. In its place, this study examined certain factors (e.g., behavioral, psychological) as manifestations of VCD and measured perceived service value instead. Thus, future research should consider a scale development of VCD in order to truly measure value diminishing efforts. This endeavor, however, may be a difficult feat, as there has been slow progress made on how to manage or operationalize the co-creation process, let alone the co-destruction process.

The limitations of the study aforementioned open the doors for future research endeavors. In addition, there are other directions that warrant future studies as well. First, this study examined Service Outcome moderating the effect of Consumer Preparedness on perceived service value. Future studies could also test other moderators including
situational factors. For example, consumer readiness is likely to influence consumers' behavior on perceived service value and relationship quality outcomes. Previous research suggests that consumer readiness is an important factor affecting co-production in service delivery (e.g., Meuter et al. 2000). Second, understanding VCD could be further enhanced by examining other latent constructs such as affect. Results from the qualitative study revealed that Emotional Resources was a major proponent of the service failure. It would be enlightening to investigate these service-based emotions, such as embarrassment, fear, and shame, consumers experienced during a critical incident that affected their well-being.

In addition, VCD has been previously studied from the perspective of the firms and their views on consumers’ resource disintegration or misbehavior. One of the major contributions of this study is examining VCD from the perspective of the consumers and their own resource disintegrations that diminish their own value in the service exchange. Future research efforts can continue this study by examining the firms’ role in VCD and their own behaviors and predispositions of resource disintegration. In doing so, this future study would determine whether the four emerging themes found in the qualitative study holds true from the firms’ perspective. Further extension of this study could also consider both perspectives simultaneously to obtain a holistic picture of the underlying mechanisms behind VCD.

Finally, this study began with the notion that the customer is not always right, and that revisiting the definition of value co-destruction needs to be continued in future research. Countless examples of customers being dishonest, having unrealistic expectations, and/or misusing resources have been discussed, as well as, examples
evident in the qualitative study. These circumstances induce consumers to contribute diminishing value for themselves and/or the firm. Thus, a new definition of VCD was proposed. However, a call for future research in this endeavor should evolved in order to truly understand the underlying nature of value co-destruction and how it fits in the co-creation process – value in exchange for value.
APPENDIX A

QUALITATIVE SURVEY
Throughout this survey, we will ask you to think back to a recent critical negative service experience in a professional service industry you have encountered as a customer, and we will ask you questions pertaining to the negative incident. A critical negative incident is a specific interaction between customers and service firm employees that are especially (extremely) dissatisfying. Dissatisfying incidents must be extremely negative (e.g., horrible or poor service, service way below expectations, etc.). So, please think of a time when, as a customer, you had a very dissatisfying interaction with an employee of a professional service firm (e.g., legal, healthcare, financial, etc.).

As a customer, did you recently experienced a critical negative incident in a professional service (e.g., legal, healthcare, financial)?
1. Yes (1)
2. No (2)

When did the incident occurred?
1. Ten days or less ago (1)
2. More than 10 days but less than 1 month ago (2)
3. Between one month and two months ago (3)
4. More than two months but less than six months ago (4)
5. More than six months ago (5)

In what professional service industry was your critical negative experience?
1. Consulting (1)
2. Legal (2)
3. Dental (3)
4. Medical (4)
5. Accounting (5)
6. Insurance (6)
7. Real Estate (7)
8. Banking (8)
9. Financial (9)
10. Engineering (10)
11. I did not experience a professional service (12)

Was your negative incident a person-to-person encounter (e.g., face-to-face, phone, live chat)?
1. Yes (1)
2. No (2)
Please indicate how well the following emotions describe your overall mood BEFORE your negative incident.

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Approximately how many times have you used this service in the last 12 months BEFORE encountering this negative incident?

1. None (1)
2. Once (2)
3. 2-4 times (3)
4. 5-6 times (4)
5. More than 6 times (5)
When and where did the incident happen?
Month and Year (e.g., April 2015) (1)
Name of Organization/Firm (2)
Location of Organization/Firm (e.g., Ruston, LA) (3)

What specific circumstances led up to this situation?

Please tell us in detail your story about the negative service incident. Exactly what did you say or do? Exactly what did the service provider say or do?

Now what specific details do you recall that made this experience very memorable for you?

What kind of feelings or emotions did you experience DURING the incident?

What resulted that made you feel the interaction was very dissatisfying?

What should you have said or done so that this incident was a satisfying encounter? In other words, was there anything you could have said or done to prevent this negative experience?

Did you complain to the firm about this incident?
1. Yes (1)
2. No (2)

How did you complain to the firm about the incident?

Why didn’t you complain to the firm?
APPENDIX B

SCENARIOS FOR PRETEST AND EXPERIMENTAL STUDY
Scenario 1: Active Behavior (High Consumer Participation, High Role Clarity, High Perceived Knowledge) x Positive Outcome

Your tooth has been aching for a while now. You buy over-the-counter medicine to fix the problem. It turns out that your pain is worse than before so you decide that it is time to see a dentist.

You did your research prior to your dental visit and “Googled” causes of toothache so you would have an idea what may be the issue. You go to your scheduled dentist appointment. The office looks nice and the receptionist seems pleasant. However, you waited in the reception area for over an hour before being called back, when you normally wait about 10 minutes. There was no explanation for the long wait. It seemed like you were being ignored. When it comes to dental services, you understand a great deal about what is required of you when you visit the dentist. You believe you know a lot about dental care. After the dentist examined your teeth and the x-rays, the dentist concluded that you have a fractured tooth and he is able to save your tooth.

After saving your tooth, you discuss with the dentist your current dental hygiene and ask recommendations regarding your dental care. You decide to take the dentist’s recommendations and take better care of your dental health. You thank the dentist as the aching is gone, and leave the dental office with a perfect smile.

Scenario 2: Active Behavior (High Consumer Participation, High Role Clarity, High Perceived Knowledge) x Negative Outcome

Your tooth has been aching for a while now. You buy over-the-counter medicine to fix the problem. It turns out that your pain is worse than before so you decide that it is time to see a dentist.

You did your research prior to your dental visit and “Googled” causes of toothache so you would have an idea what may be the issue. You go to your scheduled dentist appointment. The office looks nice and the receptionist seems pleasant. However, you waited in the reception area for over an hour before being called back, when you normally wait about 10 minutes. There was no explanation for the long wait. It seemed like you were being ignored. When it comes to dental services, you understand a great deal about what is required of you when you visit the dentist. You believe you know a lot about dental care. After the dentist examined your teeth and the x-rays, the dentist concluded that you have a fractured tooth and he is not able to save your tooth as it needs to be removed immediately.

After removing your tooth, you discuss with the dentist your current dental hygiene and ask recommendations regarding your dental care. You decide to take the dentist’s recommendations and take better care of your dental health. You thank the dentist as the aching is gone, but leave the dental office with a missing front tooth.
**Scenario 3: Passive Behavior (Low Consumer Participation, Low Role Clarity, Low Perceived Knowledge) x Positive Outcome**

Your tooth has been aching for a while now. You buy over-the-counter medicine to fix the problem. It turns out that your pain is worse than before so you decide that it is time to see a dentist.

You go to your scheduled dentist appointment. The office looks nice and the receptionist seems pleasant. However, you waited in the reception area for over an hour before being called back, when you normally wait about 10 minutes. There was no explanation for the long wait. It seemed like you were being ignored. When it comes to dental services, you have no idea what is required of you when you visit the dentist. You believe you know very little about dental care. After the dentist examined your teeth and the x-rays, the dentist concluded that you have a fractured tooth and he is able to save your tooth.

After saving your tooth, you listen to the dentist's recommendations regarding your dental care. You decide not to take the dentist's recommendations and continue caring for your teeth like you did prior to your dental visit. You thank the dentist as the aching is gone, and leave the dental office with a perfect smile.

**Scenario 4: Passive Behavior (Low Consumer Participation, Low Role Clarity, Low Perceived Knowledge) x Negative Outcome**

Your tooth has been aching for a while now. You buy over-the-counter medicine to fix the problem. It turns out that your pain is worse than before so you decide that it is time to see a dentist.

You go to your scheduled dentist appointment. The office looks nice and the receptionist seems pleasant. However, you waited in the reception area for over an hour before being called back, when you normally wait about 10 minutes. There was no explanation for the long wait. It seemed like you were being ignored. When it comes to dental services, you have no idea what is required of you when you visit the dentist. You believe you know very little about dental care. After the dentist examined your teeth and the x-rays, the dentist concluded that you have a fractured tooth and he is not able to save your tooth as it needs to be removed immediately.

After removing your tooth, you listen to the dentist's recommendations regarding your dental care. You decide not to take the dentist's recommendations and continue caring for your teeth like you did prior to your dental visit. You thank the dentist as the aching is gone, but leave the dental office with a missing front tooth.
Aggressiveness (Daunt and Harris 2011)
1. Given enough provocation, I may hit another person.
2. I rarely find myself disagreeing with other people. (R)
3. When people annoy me, I tell them what I think.
4. When frustrated, I let my irritation show.
5. Some of my friends think that I am hotheaded.
6. When people are especially nice, I wonder what they want.

Anxiety (Maheswaran and Meyers-Levy 1990; Winterich and Haws 2011)
To what extent did you experience the following feelings?
1. Fearful
2. Tense
3. Nervous
4. Anxious
5. Reassured (R)
6. Relaxed (R)
7. Comforted (R)
8. Stressed

Attitudes toward the Firm (Homer 1995)
1. Negative – Positive
2. Unpleasant Pleasant
3. Disagreeable – Agreeable
4. Bad – Good
5. Worthless – Valuable
6. Foolish – Wise
7. Unfavorable – Favorable
8. Dislike a lot – Like a lot
9. Useless – Useful

Attribution of Service Failure (Dong et al. 2008; Maxham and Netemeyer 2002)
1. To what extent was (the firm) responsible for the problem that you experienced?
2. The problem that I encountered was all (the firm’s) fault.
3. To what extent do you blame (the firm) for this problem?

Consumer Alienation (Daunt and Harris 2011)
1. In general, the customer is usually the least important consideration to most companies.
2. In general, shopping is usually an unpleasant experience.
3. In general, people must be willing to tolerate poor service from most businesses.
4. In general, companies are dishonest in their dealings with customers.
5. In general, businesses that offer product and service guarantees will honor them. (R)
6. In general, most companies care nothing about the customer.
Customer Dissatisfaction (Peterson and Sauber 1983; Babin and Griffin 1998)
1. Which of the following choices best describes the level of dissatisfaction you experienced from _____?
2. Use the following percentage scale to indicate your level of dissatisfaction.
3. I felt some dissatisfaction based on my experience with _____.
4. Please respond to the following based on how you feel about your overall experience with _____: Dissatisfaction.

Customer Participation (Chan et al. 2010)
1. I spent a lot of time sharing information about my needs and opinions with the provider during the service process.
2. I put a lot of effort into expressing my personal needs to the staff during the service process.
3. I always provide suggestions to the staff for improving the service outcome.
4. I have high level of participation in the service process.
5. I am very much involved in deciding how the services should be provided.

Customer Satisfaction (Oliver and Swan 1989; Lam et al. 2004)
1. I am satisfied with the services provided.
2. This wellness center is a good provider to do business with.
3. The service of this health provider meets my expectations.
4. Overall, I am satisfied with the service provided by the health provider.

Failure Severity (Maxham and Netemeyer 2002)
1. Minor problem/major problem
2. Big inconvenience/small inconvenience
3. Major aggravation/minor aggravation

Future Misbehavior Intentions (Daunt and Harris 2011)
1. In the future, if it is to my advantage, I am likely to make a complaint when there is no genuine problem.
2. In the future, if it is to my benefit I may behave in a dishonest way when in a service outlet.
3. In the future, if it is to my advantage, I am likely to argue with an employee/fellow customer.
4. In the future, if I feel that it is necessary, I would be prepared to behave in a way that others within the service outlet may find unacceptable.
Hedonic Value (Babin, Darden, and Griffin 1994)
1. This shopping trip was truly a joy.
2. I continued to shop, not because I had to, but because I wanted to.
3. This shopping trip truly felt like an escape.
4. Compared to other things I could have done, the time spent shopping was truly enjoyable.
5. I enjoyed being immersed in exciting new products.
6. I enjoyed this shopping trip for its own sake, not just for the items I may have purchased.
7. I had a good time because I was able to act on the "spur-of-the-moment."
8. During the trip, I felt the excitement of the hunt.
9. While shopping, I was able to forget my problems.
10. While shopping, I felt a sense of adventure.
11. This shopping trip was not a very nice time out. (R)

Knowledge of Service (Roehm 2003)
1. How often do you use this type of service provider?
2. How familiar do you consider yourself with this type of service provider?
3. How much of a ________ expert would you call yourself?
4. How well acquainted with this type of service provider are you?
5. How regularly do you use this type of service provider?

Length of Relationship (1 item; Lusch and Brown 1996)
1. How long have you been doing business with your _____? (In years)

Locus of Control (Kopalle, Lehmann, and Farley 2010)
1. Becoming a success is a matter of hard work.
2. Becoming a success has little or nothing to do with luck.
3. Getting what I want has little or nothing to do with luck.
4. I feel that I have little influence over the things that happen to me. (R)
5. What happens to me is my own doing.
6. Most people don’t realize the extent to which their lives are controlled by chance happenings. (R)

Machiavellianism (Daunt and Harris 2011)
1. Honesty is always the best policy. (R)
2. The majority of people are basically good and kind. (R)
3. Most people who get ahead in the world lead good and honest lives. (R)
4. A white lie is often a good thing.

Mood (Peterson and Sauber 1983; Babin and Griffin 1998)
1. Sad/Happy
2. Good mood/Bad mood (R)
3. Irritable/Pleased
4. Depressed/Cheerful

Negative Word of Mouth (Gregoire and Fisher 2006)
1. I spread negative word-of-mouth about ________.
2. I bad-mouthed ________ to my friends.
3. When my friends were looking for a ________, I told them not to buy from ________. 
Patronage Intentions (Dong et al. 2008; Swanson and Kelley 2001)
1. Would you use this ______ again if you had a choice?
2. What is the likelihood that you will choose to use this ______ next time you need this service?
3. How likely would you be to use this ______ in the future?

Perceived Knowledge (Lakshmanan and Krishnan 2011)
Regarding to __________, you are:
1. Not at all knowledgeable / highly knowledgeable
2. A complete beginner / an expert
3. Begun using recently / been using for a long time
4. Know much less than most people / know much more than most people
Relative to the rest of the population’s knowledge about __________, you are:
5. One of the least knowledgeable people / one of the most knowledgeable people
Regarding to __________ services in general, you are:
6. Not at all knowledgeable / highly knowledgeable.

Positive and Negative Affect (PANAS) (Watson, Clark, and Tellegen 1988)
1. Enthusiastic
2. Interested
3. Determined
4. Excited
5. Inspired
6. Alert
7. Active
8. Strong
9. Proud
10. Attentive
11. Scared
12. Afraid
13. Upset
14. Distressed
15. Jittery
16. Nervous
17. Ashamed
18. Guilt
19. Irritable
20. Hostile

Positive Word of Mouth (Brown et al. 2005; Babin et al. 2005)
1. I will say positive things about this health provider to other people.
2. I will recommend this health provider to people I know who are asking my advice.
3. I would feel very uneasy recommending this health provider to people I know. (R)
4. I will encourage friends and relatives to visit this wellness center.
5. I will not recommend this wellness center as a good option. (R)

Previous Experience (Meuter et al. 2005)
1. I commonly use lots of ____________ when dealing with other businesses.
2. I do not have much experience using the ____________.
3. I use a lot of ______________ based products and services.
Role Clarity (Rizzo, House, and Litzman 1970)
1. I feel certain about how to effectively use the ___.
2. I am NOT sure how to use the ___ properly. (R)
3. I know what is expected of me if I use the ___.
4. The steps in the process of using the ___ are clear to me.
5. I believe there are only vague directions regarding how to use the ___. (R)

Self-Esteem (Daunt and Harris 2011)
1. On the whole, I am satisfied with myself. (R)
2. I feel that I do not have much to be proud of.
3. I feel that I am person of worth, at least on an equal level to others. (R)
4. I take a positive attitude towards myself. (R).
5. At times, I think that I am no good at all.
6. I wish that I could have more respect for myself.

Sensation Seeking (Daunt and Harris 2011)
1. I do not like to try new foods that I have never tasted before. (R)
2. I prefer friends who are exciting and unpredictable.
3. I would like to try an ‘extreme’ sport such as bungee jumping.
4. I like to have new and exciting experiences and sensations even if they are a little frightening, unconventional, or illegal.

Shared Responsibility (Sierra and McQuitty 2005; Sierra et al. 2009)
1. The provider and I work together as equals when it comes to making this service/ product successful.
2. For this service/ product experience to end successfully, both the provider and I must rely on each other.
3. The more control I have over the service/ product experience, the more responsible I feel for the experience success.
4. The provider and I are both accountable for the results of the service/ product experience.

Utilitarian Value (Babin, Darden, and Griffin 1994)
1. I accomplished just what I wanted to on this shopping trip.
2. I couldn't buy what I really needed. (R)
3. While shopping, I found just the item(s) I was looking for.
4. I was disappointed because I had to go to another store(s) to complete my shopping. (R)
APPENDIX D

HUMAN USE APPROVAL FORMS
TO: Dr. Bruce Alford and Ms. Joanne Tran
FROM: Dr. Stan Napper, Vice President Research & Development
SUBJECT: HUMAN USE COMMITTEE REVIEW
DATE: March 12, 2015

In order to facilitate your project, an EXPEDITED REVIEW has been done for your proposed study entitled:

"An Exploration of Consumers' Attitudes toward Critical Service Encounters"

HUC 1281

The proposed study's revised procedures were found to provide reasonable and adequate safeguards against possible risks involving human subjects. The information to be collected may be personal in nature or implication. Therefore, diligent care needs to be taken to protect the privacy of the participants and to assure that the data are kept confidential. Informed consent is a critical part of the research process. The subjects must be informed that their participation is voluntary. It is important that consent materials be presented in a language understandable to every participant. If you have participants in your study whose first language is not English, be sure that informed consent materials are adequately explained or translated. Since your reviewed project appears to do no damage to the participants, the Human Use Committee grants approval of the involvement of human subjects as outlined.

Projects should be renewed annually. This approval was finalized on March 12, 2015 and this project will need to receive a continuation review by the IRB if the project, including data analysis, continues beyond March 12, 2016. Any discrepancies in procedure or changes that have been made including approved changes should be noted in the review application. Projects involving NIH funds require annual education training to be documented. For more information regarding this, contact the Office of University Research.

You are requested to maintain written records of your procedures, data collected, and subjects involved. These records will need to be available upon request during the conduct of the study and retained by the university for three years after the conclusion of the study. If changes occur in recruiting of subjects, informed consent process or in your research protocol, or if unanticipated problems should arise it is the Researchers responsibility to notify the Office of Research or IRB in writing. The project should be discontinued until modifications can be reviewed and approved.

If you have any questions, please contact Dr. Dr. Mary Livingston at 257-2292 or 257-5066.
TO: Dr. Bruce Alford and Ms. Joanne Tran
FROM: Dr. Stan Napper, Vice President Research & Development
SUBJECT: HUMAN USE COMMITTEE REVIEW
DATE: October 29, 2015

In order to facilitate your project, an EXPEDITED REVIEW has been done for your proposed study entitled:

"An Exploration of Consumers' Attitudes toward Critical Service Encounters"

HUC 1281 REVISION
(Add Additional Measurements)

The proposed study's revised procedures were found to provide reasonable and adequate safeguards against possible risks involving human subjects. The information to be collected may be personal in nature or implication. Therefore, diligent care needs to be taken to protect the privacy of the participants and to assure that the data are kept confidential. Informed consent is a critical part of the research process. The subjects must be informed that their participation is voluntary. It is important that consent materials be presented in a language understandable to every participant. If you have participants in your study whose first language is not English, be sure that informed consent materials are adequately explained or translated. Since your reviewed project appears to do no damage to the participants, the Human Use Committee grants approval of the involvement of human subjects as outlined.

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If you have any questions, please contact Dr. Dr. Mary Livingston at 257-2292 or 257-5066.
HUMAN SUBJECTS CONSENT FORM
(Qualtrics)

The following is a brief summary of the project in which you are asked to participate. Please read this information before signing the statement below.

TITLE OF PROJECT: An Exploration of Consumers’ Attitudes toward Critical Service Encounters

PURPOSE OF STUDY/PROJECT: The purpose of the study is to explore participants’ attitudes and behaviors toward service experiences.

PROCEDURE: Participants will be asked to recall previous service experiences and respond to questions about the service experiences and their attitudes towards those experiences. Demographic information will be asked as well. Participation in answering the questions will take approximately 20-25 minutes.

INSTRUMENTS: The survey includes general demographic questions and specific questions about service attitudes and beliefs concerning previous service experiences. Only the researchers will have access to the data.

RISKS/ALTERNATIVE TREATMENTS: The participant understands that Louisiana Tech is not able to offer financial compensation nor to absorb the costs of medical treatment should you be injured as a result of participating in this research.

The following disclosure applies to all participants using online survey tools: This server may collect information and your IP address indirectly and automatically via "cookies".

BENEFITS/COMPENSATION: Qualtrics respondents will receive compensation as determined by Qualtrics.

I attest that I am 18 years of age or older, and I have read and understood the following description of the study, "An Exploration of Consumers’ Attitudes toward Critical Service Encounters", and its purposes and methods. I understand that my participation in this research is strictly voluntary and my participation or refusal to participate in this study will not affect my relationship with Louisiana Tech University. Further, I understand that I may withdraw at any time or refuse to answer any questions without penalty. Upon completion of the study, I understand that the results will be freely available to me upon request. I understand that the results of my survey will be confidential, accessible only to the principal investigators, myself, or a legally appointed representative. I have not been requested to waive nor do I waive any of my rights related to participating in this study.

CONTACT INFORMATION: The principal experimenters listed below may be reached to answer questions about the research, subjects’ rights, or related matters.
Joanne Tran – (228) 623-7886
Bruce Alford – (318) 257-3962

Members of the Human Use Committee of Louisiana Tech University may also be contacted if a problem cannot be discussed with the experimenters:
Dr. Stan Napper - (257-3056)
Dr. Mary M. Livingston - (257-2292 or 257-5066)

____ Yes, I consent to participate in the study.
____ No, I do not consent to participate in the study.
HUMAN SUBJECTS CONSENT FORM
(Students)

The following is a brief summary of the project in which you are asked to participate. Please read this information before signing the statement below.

TITLE OF PROJECT: An Exploration of Consumers' Attitudes toward Critical Service Encounters

PURPOSE OF STUDY/PROJECT: The purpose of the study is to explore participants' attitudes and behaviors toward service experiences.

PROCEDURE: Participants will be asked to recall previous service experiences and respond to questions about the service experiences and their attitudes towards those experiences. Demographic information will be asked as well. Participation in answering the questions will take approximately 20-25 minutes.

INSTRUMENTS: The survey includes general demographic questions and specific questions about service attitudes and beliefs concerning previous service experiences. Only the researchers will have access to the data.

RISKS/ALTERNATIVE TREATMENTS: The participant understands that Louisiana Tech is not able to offer financial compensation nor to absorb the costs of medical treatment should you be injured as a result of participating in this research.

The following disclosure applies to all participants using online survey tools: This server may collect information and your IP address indirectly and automatically via "cookies".

BENEFITS/COMPENSATION: Students may receive extra credit if it is deemed appropriate by their respective professors. If extra credit is offered to students participating in research, an alternative extra credit that requires a similar investment of time and energy will also be offered to those students who do not choose to volunteer as research subjects.

I attest that I am 18 years of age or older, and that I have read and understood the following description of the study, "An Exploration of Consumers' Attitudes toward Critical Service Encounters", and its purposes and methods. I understand that my participation in this research is strictly voluntary and my participation or refusal to participate in this study will not affect my relationship with Louisiana Tech University or my grades in any way. Further, I understand that I may withdraw at any time or refuse to answer any questions without penalty. Upon completion of the study, I understand that the results will be freely available to me upon request. I understand that the results of my survey will be confidential, accessible only to the principal investigator, myself, or a legally appointed representative. I have not been requested to waive nor do I waive any of my rights related to participating in this study.

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Dr. Stan Napper - (257-3056)
Dr. Mary M. Livingston - (257-2292 or 257-5066)

____ Yes, I consent to participate in the study.
____ No, I do not consent to participate in the study.
REFERENCES


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