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## CREATING LOYALTY IN COLLECTIVE HEDONIC SERVICES: THE ROLE OF SATISFACTION AND PSYCHOLOGICAL SENSE OF COMMUNITY\*\*

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### ABSTRACT

Generally, researchers consider that customer satisfaction is the core driver of loyalty. However, in the case of collective hedonic services, feelings of connectedness among service users might also play an important role in forming brand loyalty. A study among visitors of a music festival actually shows that a feeling of community has a greater impact on loyalty intentions than does overall satisfaction. Thus, satisfying customers is not always the key route to value creation. Sometimes customer interaction more effectively enhances what Prahalad (2004) calls the “co-creation of experience”.

JEL-Classification: C12, C30, L83, M31.

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### 1 INTRODUCTION

Creating value and meaning for consumers is at the core of contemporary marketing, allowing for experiences that make products, services, or brands an integral part of consumers' lives (Janiszewski (2008)). Recent research demonstrates the efficacy of brand communities in serving consumer experiences as well as reaching marketer goals (Carlson, Suter, and Brown (2008); Schau, Muñiz, and Arnould (2009)), and many investigations have been undertaken to understand the social networks of brand users (e.g., Algesheimer,

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Dholakia, and Herrmann (2005); McAlexander, Schouten, and Koenig (2002); Muñiz and O'Guinn (2001); Schau, Muñiz, and Arnould (2009)). Repeatedly, research shows that social interaction among brand admirers is beneficial for both community members (e.g., positive self-esteem) and the focal brand (e.g., loyal customers, participation in product development).

In addition to brand communities, consumer research reports that there are other consumption-oriented communities, referred to as non-brand-focused communities (Kates (2004)). These communities do not emerge around an admired brand, but around other focal objects such as sport and music (Arnould and Price (1993); Arthur (2006); Holt (1995)). Yet non-brand-focused communities are relevant to business, because there are companies that foster the community's cohesion or provide the basis for the execution of joint rituals (e.g., festival organizers, sport-event providers). It is especially collective hedonic services such as sports or music events that can strengthen communal spirit among consumers. A fundamental element of those services is that customer interaction becomes central for the consumption experience (Deighton (1992); Holt (1995)). Thus, a marketer can use a collective hedonic service as a platform that provides experiences for the community. Since collective hedonic services organized by third-party providers have unique characteristics (e.g., customers support content rather than brands), it is important to understand what determines loyalty intentions of consumers using those services.

Prior research repeatedly identifies customer satisfaction as a major antecedent of loyalty (Bolton and Lemon (1999); Lee et al. (2008); Zeithaml (2000)). Drawing on social identity theory and building on research on brand communities and group processes, we contend that feelings of connectedness among users of collective hedonic services can become important drivers of their loyalty toward that service. That is, experiences and meaning may be created beyond individual customer satisfaction with the service, co-created by other consumers (Pralhad (2004)).

The goal of this research is to investigate the relative impact of feelings of connectedness among consumers and individual satisfaction on loyalty. Our paper contributes to the literature on the satisfaction-loyalty link by including social value arising from a psychological sense of community. Previous research on this topic has tended to emphasize the individual perspective (e.g., Lee et al. (2008)), thus leaving room for improved explanation if community does contribute explanatory. Our study also adds to the literature on consumption communities (Boorstin (1973)). Most prior research in this area refers to brand communities (e.g., Algesheimer, Dholakia, and Herrmann (2005); Bagozzi and Dholakia (2006); Carlson, Suter, and Brown (2008); McAlexander, Schouten, and Koenig (2002); Stokburger-Sauer (2010)). We expand on this perspective by contending that there are characteristics of brand communities that can be transferred to a broader context with lower brand-determined effects. In our paper this context is communities where the focal interest is music. The multibillion dollar business of collective hedonic services offers a stage for these communities to meet and employ common practices. Transferring the concept of psychological sense of brand community (Carlson, Suter,

and Brown (2008)) to non-brand-focused communities makes it possible to better understand value and meaning creation during the use of such services. However, our study also provides implications for established brand communities. There are specific services that are especially suited to strengthening communal spirit and the focal brand. So-called marketing events (Drengner, Gaus, and Jahn (2008)) or brandfests (McAlexander, Schouten, and Koenig (2002)) are important tools that brand managers can use to actively support brand communities and to reach their branding goals (Stokburger-Sauer (2010)).

The paper proceeds as follows. In Section 2 we discuss the theoretical background of our study. In Section 3 we develop our hypotheses regarding the relations among psychological sense of community, overall satisfaction, satisfaction with the core of the service, emotional experience, and loyalty intentions. In Sections 4 and 5 we test our conceptualization by using a survey that analyzes the attendees at a music festival. We conclude with managerial implications (Section 6) and directions for future research (Section 7).

## 2 THEORETICAL BACKGROUND

### 2.1 BRAND COMMUNITIES AND NON-BRAND-FOCUSED COMMUNITIES

In a broad sense, we can think of brand communities as organizations that consumers join because they like the brand. Brand communities have been defined as “a specialized, non-geographically bound community, based on a structured set of social relationships among admirers of a brand” (Muñiz and O’Guinn (2001, 412)). In contrast to brand communities, there are contexts in which brands are not always the central focus (Arnould and Price (1993); Holt (1995); Kates (2004)). In such contexts, the term non-brand-focused community is more appropriate (Kates (2004)). These communities do not emerge around an admired brand but around other focal objects, such as music (Arthur (2006)), passive sport consumption (Holt (1995)), active sport consumption (Arnould and Price (1993)), or sexual orientation (Kates (2004)). For example, *FIFA World Cup* or *Rock am Ring* differ from the brands that are focal objects of “classic” brand communities. Here, it is either sport or music that attracts visitors. However, there is the possibility of created or perceived communal spirit during consumption (Arthur (2006); Bennett (2004)). In non-brand-focused communities, firms that act as sponsors or operators of the community can utilize the focal objects of interest as a platform for achieving marketing goals.

The consumers’ engagement in communities can be explained by social identity theory (Tajfel (1982)). According to this theory, a person’s self-concept is based on both personal and social identities. Personal identity results when one individual compares his or her characteristics, such as physical traits, abilities, and interests, with those of others. Individuals derive their social identity from the knowledge of and affiliation with a specific social category that is formed by sociodemographics (e.g., gender, age, and ethnic group), social roles (e.g., spouse, child), or membership in organizations (Turner (1987)). Thus,

in addition to personal identity, social identity contributes to shaping and enhancing the individual's self. For example, one rationale for brand community membership is the resulting enhancement of self-esteem (Schau, Muñiz, and Arnould (2009)). Therefore, to form their social identity, consumers tend to use those brands that they evaluate as particularly successful. Hence, social identity theory has been linked successfully to consumers' engagement in brand communities (Algesheimer, Dholakia, and Herrmann (2005); Bagozzi and Dholakia (2006); Stokburger-Sauer (2010)). However, the psychological processes are also likely to apply to non-brand-focused communities. For example, engagement in virtual communities around topics such as hockey or fitness has been explained by means of a social identity approach (Bagozzi and Dholakia (2002)). Similarly, consumers' identification with sport teams has been the subject of numerous studies (Fisher and Wakefield (1998); Madrigal (1995)).

## 2.2 PSYCHOLOGICAL SENSE OF COMMUNITY

Literature on both brand-focused communities and non-brand-focused communities highlights regular social interaction and formal membership as characterizing these communities (Kates (2004); McAlexander, Schouten, and Koenig (2002)). However, identification with a community does not necessarily require formal interaction with other category members (Ashmore, Deaux, and McLaughlin-Volpe (2004); Carlson, Suter, and Brown (2008)). Similarly, feelings of connectedness do not have to lead to formal membership. Thus, Carlson, Suter, and Brown (2008) distinguish two types of brand communities, social and psychological. Social brand communities represent the "classic" view on brand communities. They are characterized by a regular nurturing of social contacts among members, such as through virtual communities on the internet or get-togethers in person. Psychological brand communities consist of people who like a specific brand, and who feel connected to each other. However, these people have no formal membership in a brand community and do not necessarily interact with other consumers. Hence, social and psychological brand communities differ in the intensity of social interactions. Both types have in common that "members" have a strong feeling of community brought about by a brand. Conceptually, this perspective is similar to "communitas," which has been identified as a central characteristic of many communities (Arnould and Price (1993)).

In this study, we extend the concept of psychological sense of brand community to non-brand-focused communities. Identifying the presence of like-minded persons may lead to a sense of community, regardless of whether a brand is the focal object. Thus, the community can be either brand-focused or non-brand-focused; the fundamental characteristics of mutual attachment remain the same. Thus, we suggest the more general term *psychological sense of community*.

We note that the psychological sense of community is conceptually related to Boorstin's (1973) idea of consumption community. That is, feelings of community refer to a shared interest in marketplace offerings, not to geographically close areas (e.g., a neighborhood

sports club) or continuing social relations (e.g., an academic community) (Friedman, Van den Abeele, and De Vos (1993)). Consequently, the psychological sense of brand community put forward by Carlson, Suter, and Brown (2008) centers around direct marketplace offerings, i.e., the particular brand. However, a psychological sense of community as we understand it does not need to be directly tied to a specific marketplace offering. Rather, the non-brand-focused communities that we address here center around activities or hobbies that people pursue, but emerge during joint consumption. Thus, in analogy to Carlson, Suter, and Brown (2008), we define the psychological sense of community as the degree to which an individual perceives relational bonds with other users of an object of interest.

Although related, we note that the concept of psychological sense of community is different from identification. Customer-to-customer identification is more strongly related to social interaction and perceptions of similarity, but a psychological sense of community may be a result of identification processes (Carlson, Suter, and Brown (2008)). Likewise, feelings of connectedness do not represent formal group membership. Rather, attachment concerns a temporally imagined group that has looser boundaries than do groups that are objects of most research in this area (Abrams and Hogg (2004)). However, some elements of group processes may also apply, such as those that address in-group cohesion in contrast to those that address out-group distinction.

### 2.3 COLLECTIVE HEDONIC SERVICES

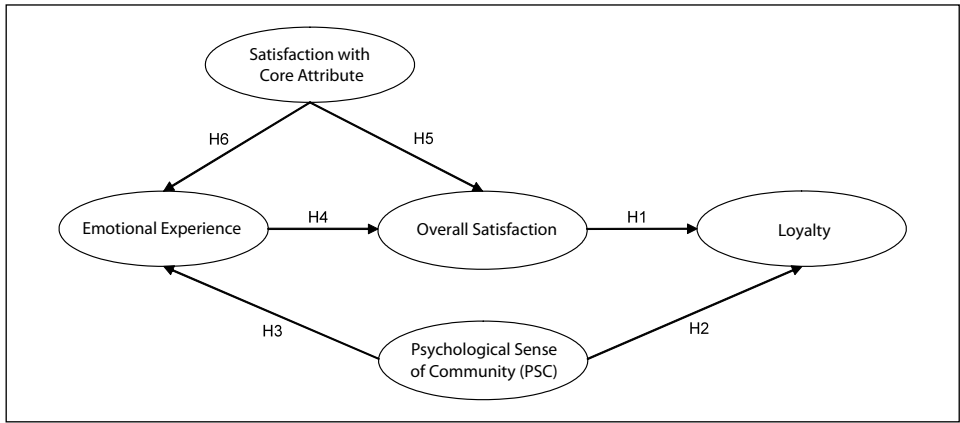
Experience and meaning generation based on the connectedness felt among consumers are especially likely in collective hedonic consumption situations. Collective hedonic services are delivered and consumed simultaneously by a larger number of consumers at one point in time, in one location, and for the purpose of pleasure and enjoyment (Ng, Russell-Bennett, and Dagger (2007)). Collective hedonic services address two consumption metaphors, consuming as experience and consuming as play (Holt (1995)). Consuming as experience refers to hedonic consumption, examining consumers' emotional reactions to consumption objects. Consuming as play refers to using consumption objects as resources to interact with fellow consumers.

We argue that collective hedonic services are suited to fostering the cohesion in a non-brand-focused community. They offer consumption practices similar to brand communities (Schau, Muñiz, and Arnould (2009)) that generate social and hedonic value. For example, a music festival is an ideal place for the individual to network with likeminded people, to present him- or herself as a real member of the community and connoisseur of the focal object (in this example, music style), to buy associated products, and to assess which songs are especially popular among community members. As this example shows, the providers of collective hedonic services offer a platform that strengthens community cohesion (social value). In addition, the hedonic nature implies hedonic value, i.e., outcomes for service users such as positive emotional experiences.

### 3 DEVELOPMENT OF HYPOTHESES

Here, we develop a model that links overall satisfaction, psychological sense of community, emotional experience, and satisfaction with the core attribute of the collective hedonic service with loyalty intentions. *Figure 1* presents this model.

**Figure 1: Conceptual model**



#### 3.1 SATISFACTION AND LOYALTY

Loyalty in the sense of customer retention is a cornerstone of customer relationship management (Gustafsson, Johnson, and Roos (2005)). In this study we define service loyalty as a deeply held commitment to repatronize a service consistently in the future (Oliver (1999)). A central component of service loyalty is customers' future loyalty intentions. Inferring loyalty from repurchase intentions is a common approach in many marketing studies (Suh and Yi (2006)).

Customer satisfaction has been defined as “an evaluative summary of (direct) consumption experience, based on the discrepancy between prior expectation and the actual performance perceived after consumption” (Suh and Yi (2006, 146)). Prior studies provide strong support for the notion that customer satisfaction positively influences loyalty (Bolton and Lemon (1999); Zeithaml (2000)). Research on sport events (Caro and Garcia (2007); Madrigal (2003)) and different forms of festivals (Cole and Illum (2006); Lee et al. (2008)) shows that the relation between satisfaction and loyalty applies to a broad range of collective hedonic services. Thus, our first hypothesis is as follows:

**H1:** *The higher a customer's overall satisfaction with the collective hedonic service, the higher is his or her service loyalty.*

### 3.2 PSYCHOLOGICAL SENSE OF COMMUNITY AND EMOTIONAL EXPERIENCE

We argue that a feeling of attachment and connectedness between consumers during collective hedonic services fosters self-stereotyping (Simon and Hamilton (1994)). Self-stereotyping as a group member can make an inferred loyalty group norm salient (Rook (1985)). Such situational norms become salient when an individual interprets environmental cues about what is approved by peers or what is typically done by likeminded individuals (Aarts and Dijksterhuis (2003); Cialdini and Goldstein (2004)). Research on within-group behavior suggests that “when self-categorization as a group member is salient, a person is influenced by group norms, behaves in line with those norms, and shares the concerns and interests of the group” (Abrams and Hogg (2004, 102)). In its essence, a psychological sense of community reflects the individual’s self-categorization as a group member, at least during the experience of a collective hedonic service. This perception might indicate the shift from personal identity to social identity that is typical of crowd phenomena. In turn, this shift leads to acting in terms of the values and standards associated with the relevant group (Cialdini and Goldstein (2004); Reicher et al. (2004)).

Hence, we derive the assumption that a psychological sense of community weakens personal norms and strengthens the motivational influence of group norms. We further assume that salient feelings of connectedness enhance the group norm of being loyal toward the collective hedonic service. There is likely to be such a group norm, since previous research shows that members of a brand community often exhibit behaviors and intentions that are consistent with group norms, such as having a preference for the brand, attending brand events, word-of-mouth promotion of the brand, and celebrating the brand history (Carlson, Suter, and Brown (2008); McAlexander, Schouten, and Koenig (2002); Muñiz and O’Guinn (2001)).

According to Homburg, Wieseke, and Hoyer (2009), social identity theory offers three explanations for why respective group norms of service loyalty might be perceived. First, through loyal behavior, consumers demonstrate their affiliation with the community, and doing so strengthens their social identity and self-esteem. Being loyal to the service means being loyal to the group and thus fulfills a self-definitional need (Homburg, Wieseke, and Hoyer (2009)). Second, members of a specific social category strive to raise the status of the group to which they belong. Hence, loyal behavior can be viewed as a way to help the group. Third, identification with a social category is related to positive emotions (Ashmore, Deaux, and McLaughlin-Volpe (2004)). If consumers defect, they do not benefit from the hedonic value anymore. Consequently, the experience of a psychological sense of community increases the likelihood of future participation.

In a comparable study, McGinnis et al. (2008) show empirically that in a golf context, connectedness provides impetus for re-engagement. Based on a mixture of intrinsic desire to re-experience a pleasant state (e.g., seeking hedonic value) and social norms, evolving feelings of connectedness have a positive impact on enduring involvement. Enduring

involvement contains elements of loyalty. For example, the golfer might say to him or herself, "I can see myself playing golf the rest of my life." Therefore, we hypothesize the following:

**H2:** *The higher a customer's psychological sense of community while consuming a collective hedonic service, the higher is his or her service loyalty.*

Similar to the preceding reasoning, the presence and behavior of others can improve the sentiment and the individual emotional experience. This phenomenon is especially likely to occur if consumers feel connected because of their psychological sense of community (Deighton (1992)). From a social identity perspective, identifying with positively evaluated categories accompanies positive emotional experiences (Ashmore, Deaux, and McLaughlin-Volpe (2004)). And, as noted previously, the consumption experience at collective hedonic services largely depends on the presence of and interaction with fellow consumers (Deighton (1992); Holt (1995)). Consequently, feelings of connectedness contribute to the hedonic experience of service users. Moreover, Raghunathan and Corfman (2006) show that collective hedonic situations are especially appreciated if the consumers involved have uniform opinions on the characteristics of the consumption situation. Central to a community as discussed here is a shared interest, such as football or hip hop, and, consequently, agreement on the core of the experience. Hence, a psychological sense of community contributes to the creation of hedonic value among consumers and makes the emotional experience more positive<sup>1</sup>. Thus:

**H3:** *The higher a customer's psychological sense of community while consuming a collective hedonic service, the more positive is his or her emotional experience.*

If consumers expect collective hedonic services to provide emotional experiences (Ng, Russell-Bennett, and Dagger (2007)), then we argue that this affective component directly influences satisfaction with the experience. Prior studies provide evidence for the assumption of a positive relation between emotions and satisfaction with their cause (Hennig-Thurau et al. (2006); Ladhari (2007); Lee et al. (2008)). Further support comes from the affect-as-information model (Schwarz and Clore (1988)). People use their current feelings as information from which they can judge the source of the feelings. If a service provider is able to create positive emotions, doing so will increase favorable evaluations of the service. Therefore, we hypothesize:

**H4:** *The more positive a customer's emotional experience during consumption of a collective hedonic service, the higher is his or her overall satisfaction.*

1 One may argue that psychological sense of community could also influence satisfaction, in addition to its effects on service loyalty (H2) and emotional experience (H3). However, this should operate as an indirect process via emotional experience (see hypotheses H3 and H4). Supporting this reasoning, Grove, Fisk, and Dorsch (1998) found that negative encounters with other customers lead to dissatisfying incidents. As a source of customer satisfaction, however, they found other customers to be relatively unimportant.



### 3.3 SATISFACTION WITH THE CORE ATTRIBUTE OF THE COLLECTIVE HEDONIC SERVICE

Consumers' overall satisfaction embodies multiple elements of a service, but satisfaction with the core service is especially important. Iacobucci and Ostrom (1993, 258) define core attributes as "that part of a service we think of when we name the service." In our paper, the core attribute represents the focal object of consumption around which the community is built. Therefore, it is important to consider customers' satisfaction with the core of the service as separate from other aspects. There is a consensus among researchers that customers' satisfaction with the core attribute of the service affects their overall satisfaction (Garbarino and Johnson (1999)). Researchers such as Lee et al. (2008), Minor et al. (2004), and Tsuji, Bennett, and Zhang (2007) also show that this relation exists with regard to collective hedonic services. Thus:

**H5:** *The higher a customer's satisfaction with the core of a collective hedonic service, the higher is his or her overall satisfaction.*

While satisfaction with the core of the service may be a prerequisite for overall satisfaction, there is also the possibility of emotional consequences. At concerts, for example, the repertory, the stage performance or the musical quality determines the atmosphere and subsequent emotional experience (Minor et al. (2004)). Similarly, during sport events, the performance of the athletes and the resulting suspenseful course of competition shape the spectators' emotions (Fink, Trail, and Anderson (2002); Madrigal (2008)). Hence, customers' emotional experience will be more positive when they are satisfied with the quality of the core service. Therefore:

**H6:** *The higher a customer's satisfaction with the core of a collective hedonic service, the more positive is his or her emotional experience.*

## 4 METHOD

For our investigation we chose a music festival. The festival is Europe's biggest hip hop event and has been held in Germany since 1997. The organizers not only present international top music acts to up to 20,000 visitors, but also cover other aspects of hip hop culture like graffiti, breakdancing, and skateboarding contests. We uncovered the suitability of the festival as the background in a pretest the year before we undertook this study. We asked 444 visitors which motives were especially important for attending the festival. Our results showed that experiencing positive emotions, seeking variety, socializing with other visitors, and also actively supporting the artists, were the main motives for attending the event. Thus, we concluded that the music festival could be considered a collective hedonic service.

In addition, hip hop culture (which is the focal object of this particular community) is characterized by strong communal spirit (Arthur (2006); Bennett (2004)), which allows for the possibility of psychological sense of community.

We collected data on-site by using a self-administered questionnaire during the last day of the three-day festival. The exclusion of incomplete questionnaires resulted in a final sample of 409 visitors with a mean age of 21.5 years ( $SD = 3.08$ ). Two thirds of the respondents were male, which reflects the distribution of the visitors at hip hop festivals. Nearly half of the attendees (45%) had never attended the event before, and the rest had attended twice (19%), or three or more times (36%).

We used existing measures wherever possible. To adapt them to our context, we refined items drawn from literature by using group discussions. Respondents rated all measures on five-point rating scales (1 = totally disagree, and 5 = totally agree). Loyalty intentions were evaluated using three items that measured the attendees' intentions to patronize the service again (Zeithaml, Berry, and Parasuraman (1996)). To measure the psychological sense of community, we adapted four indicators from Carlson, Suter, and Brown (2008). Three items were used to assess overall satisfaction (Gustafsson, Johnson, and Roos (2005)). Satisfaction with the core attribute (i.e., artist satisfaction) was measured with three indicators capturing aspects such as musical quality, overall artist assortment, and number of artists. These items resulted from discussions between the research team and the event organizers. We measured emotional experience using four items adapted from Diener et al. (1999).

## 5 RESULTS

### 5.1 MEASURE VALIDATION

We validate our multi-item measures by using confirmatory factor analysis. This analysis entails specifying a model that includes our measures of loyalty intentions, overall satisfaction, psychological sense of community, satisfaction with the core service, and emotional experience. Analyzing this model using LISREL 8 (Jöreskog and Sörbom (2004)) indicates a strong degree of fit ( $\chi^2 (109) = 188.89$ ;  $p < 0.001$ ; root mean square error of approximation [ $RMSEA$ ] = 0.042; standardized root mean square residual [ $SRMR$ ] = 0.041; comparative fit index [ $CFI$ ] = 0.99; and nonnormed fit index [ $NNFI$ ] = 0.99). In addition, all items displayed strong loadings (average loading = 0.78) on their specified latent constructs. Composite reliabilities, which range from 0.77 to 0.9, and average variance extracted, which range from 0.53 to 0.7, show values above suggested thresholds (Fornell and Larcker (1981)). Therefore, as *Table 1* shows, the measurement model has both high reliability and convergent validity.

**Table 1: Evaluation of measures**

<b>Construct/Item</b>	<b>Factor Loadings</b>	<b>Construct Reliability</b>	<b>Average Variance Extracted</b>
<b>Satisfaction with artists</b>		0.77	0.53
I am satisfied with the musical quality of the artists.	0.68		
I am satisfied with the number of artists.	0.67		
I am satisfied with the artist selection.	0.83		
<b>Emotional experience</b>		0.82	0.53
Great atmosphere	0.73		
Elation	0.76		
Fun	0.67		
Ecstatic	0.76		
<b>Psychological sense of community</b>		0.90	0.68
I feel strong ties to other <i>[festival]</i> guests.	0.85		
Visiting <i>[festival]</i> gives me a sense of community.	0.81		
I feel a sense of being connected to other <i>[festival]</i> guests.	0.88		
A strong feeling of camaraderie exists between me and other people who visit <i>[festival]</i> .	0.76		
<b>Overall satisfaction</b>		0.81	0.59
Very dissatisfied/very satisfied	0.75		
Very bad/very good	0.80		
Falls short of expectations/exceeds expectations	0.76		
<b>Loyalty intentions</b>		0.87	0.70
I intend to visit <i>[festival]</i> in the future.	0.90		
It is very likely that I will attend <i>[festival]</i> again.	0.87		
I would attend <i>[festival]</i> again even if it was less good once or twice.	0.74		

We assess the discriminant validity of these measures by using Fornell and Larcker's (1981) test of shared variance between pairs of latent constructs. The results indicate that the squared correlations between these pairs of constructs do not exceed the average variance extracted for any single latent construct. Thus, our measures display adequate discriminant validity. In *Table 2* we provide construct means, standard deviations, and correlations.

**Table 2: Summary statistics**

	Mean	SD	1	2	3	4	5
(1) Satisfaction with the core attribute	3.97	0.75	1.00				
(2) Emotional experience	4.09	0.70	0.34	1.00			
(3) Psychological sense of community	3.32	0.96	0.36	0.57	1.00		
(4) Overall satisfaction	3.86	0.70	0.47	0.44	0.38	1.00	
(5) Loyalty intentions	4.34	0.84	0.14	0.48	0.47	0.29	1.00

Note: All correlations are significant at  $p < 0.01$ .

## 5.2 STRUCTURAL MODEL EVALUATION

Once the measurement model was considered acceptable, we used a structural path model to test our hypotheses using LISREL 8. The fit indexes ( $\chi^2(112) = 216.60$ ;  $p < 0.001$ ;  $RMSEA = 0.048$ ;  $SRMR = 0.054$ ;  $CFI = 0.98$ ;  $NNFI = 0.98$ ) suggest that the hypothesized model fits the data very well. *Table 3* indicates that all relations between latent constructs are in the hypothesized direction. This result provides initial evidence for our conceptual model and supports the nomological validity of the constructs.

**Table 3: Standardized parameter estimates**

Path	Standardized Coefficients	t-value
Overall satisfaction $\rightarrow$ loyalty (H1)	0.15	2.59
Psychological sense of community $\rightarrow$ loyalty (H2)	0.48	8.48
Psychological sense of community $\rightarrow$ emotional experience (H3)	0.58	9.85
Emotional experience $\rightarrow$ overall satisfaction (H4)	0.36	5.85
Satisfaction with the core attribute $\rightarrow$ overall satisfaction (H5)	0.43	6.68
Satisfaction with the core attribute $\rightarrow$ emotional experience (H6)	0.19	3.32

Hypothesis H1 states that overall satisfaction affects loyalty intentions. *Table 3* shows that satisfaction has a significant positive effect on loyalty ( $\beta = 0.15$ ,  $t = 2.59$ ,  $p < 0.01$ ). Even though the effect size is small, the results support H1. Hypotheses H2 and H3 address the psychological sense of community. In line with our expectations, we find that the psychological sense of community has a significant positive effect on loyalty ( $\gamma = 0.48$ ,  $t = 8.48$ ,  $p < 0.01$ ), thus supporting H2. It also positively affects emotional experience

to a high degree ( $\gamma = 0.58, t = 9.85, p < 0.01$ ), which supports H3. Hypotheses H4 and H5 posit that emotional experience and satisfaction with the core attribute of the collective hedonic service are associated positively with overall satisfaction. Both emotional experience ( $\beta = 0.36, t = 5.85, p < 0.01$ ) and satisfaction with the core attribute ( $\gamma = 0.43, t = 6.68, p < 0.01$ ) have positive and significant effects on overall satisfaction. Thus, the results support H4 and H5. H6 states that satisfaction with the core attribute also affects emotional experience. Despite a small effect size ( $\gamma = 0.19, t = 3.32, p < 0.01$ ), a significant positive effect on emotional experience supports H6.

The results show that feelings of connectedness among consumers may increase loyalty intentions and that this impact may be larger than that of customer satisfaction. In contrast to conventional wisdom, we find that the influence of overall satisfaction on loyalty is relatively small. A psychological sense of community not only impacts loyalty, it also affects consumers' emotional experience. Again, the influence is greater than that of satisfaction with the core attribute of the collective hedonic service. The findings suggest that the focal object around which the service is built is less important; rather, the service offers a platform that evokes the feelings of connectedness that shape the emotional experience and lead to higher loyalty.

## 6 DISCUSSION AND IMPLICATIONS FOR MANAGEMENT

Our main research goal was to examine the relative impact of psychological sense of community and overall satisfaction on loyalty intentions during the use of collective hedonic services. Drawing on social identity theory and building upon research on brand communities and group processes, we proposed that a psychological sense of community is as important a driver of loyalty as overall customer satisfaction.

Results show that feelings of connectedness among service users exert a significant impact on their behavioral intentions. Psychological sense of community has a strong influence on loyalty toward repatronizing the service in the future. This indicates that a social view (i.e., feelings of connectedness among consumers) contributes to our understanding of what drives loyalty. Collective hedonic services offer opportunities for members of non-brand-focused communities to employ community practices thus generating social value (Schau, Muñiz, and Arnould (2009)). This social value does not only benefit users but also the provider of such a service. Furthermore, our results show that the classic antecedent of loyalty, customer satisfaction, may vary in explanatory power when evaluating collective hedonic experiences. Specifically, in the strongly community-related festival, overall satisfaction has a rather weak (but still significant) influence on loyalty intentions.

In addition to loyalty effects for the service provider, collective hedonic services are able to deliver hedonic value to their users (i.e., emotional experience). This hedonic value does not only result from the core attribute of the service but also from psychological sense of community. That is, the social value evolving from such services fosters hedonic value. The hedonic value, in turn, increases overall satisfaction. Via its effect on overall

satisfaction, the hedonic value for the individual also benefits the company that provides the service. Thus, the present research demonstrates that both social value and hedonic value are essential with regard to effects of collective hedonic services. Sometimes customer interaction more effectively enhances what Prahalad (2004) calls co-creation of experience. Part of customer value is created by consumers themselves and then benefits the company (Schau, Muñiz, and Arnould (2009)).

One of the major implications for managers that results from our research is that providers of collective hedonic services should foster a psychological sense of community. If managers can evoke feelings of connectedness among service users, they will be rewarded with higher service loyalty. In contrast, concentrating solely on “hard” service components that are intended to raise customer satisfaction may be too narrow a focus. This result does not mean that satisfaction is irrelevant. However, we argue that its importance may be less for certain service types. Creating an environment that fosters the psychological sense of community can be rewarded by returning customers. To achieve this goal, companies might offer opportunities for consumers to engage in community practices. As our results and prior research (e.g., Schau, Muñiz, and Arnould (2009)) show, doing so benefits not only consumers, but also the company itself.

Taking as our example a hip hop festival, we describe implications for service provision, promotion, place, and price strategies.

*Service:* One of the first ways management can achieve the goal of increased sense of community is to establish offerings built around the core service. These offerings can be used to repeatedly provide a platform for engagement in community practices. An easy way to do this would be to create places where people can interact with and talk to each other (McAlexander, Schouten, and Koenig (2002)). For example, tables around food vendors combined with TV sets that enable the event to be viewed from food service areas foster social interaction (Chalip (2006)). Side events and open stages might be used to allow visitors to co-create their very own experience (Prahalad (2004)). In a hip hop context, topics may include rap contests, breakdance stages, or graffiti walls. Such offerings allow customers to actively take part in, or just to talk about, what is going on. Non-service-related activities such as beach volleyball or basketball matches in which attendees can compete are also suitable for increasing group identification, as are symbolic merchandise products, such as tee shirts that signal “group membership” to others who are able to understand this signal.

*Promotion:* The festival website can be designed to support feelings of connectedness. Approaches such as those discussed above might be addressed to make a common lifestyle impression that remains with the customer much longer than does the actual event. For the investigated music festival, the provider also established an online community that blurred the boundaries between brand-focused and non-brand-focused community. Thus, the psychological sense of community among users was kept alive beyond the actual festival. An event magazine that is available online, in print, or both, can not only provide information, but also create a sense of a community of likeminded individuals. This process is further stimulated by combining the shared interest of the community and the service itself.

*Place:* Holding smaller events during the year in different regions might increase regional cohesion of the customers. The service provider could either organize such events or sponsor related events. Sponsorship of such events could demonstrate to the community the firm's engagement. Sponsorship of the community's young talent is also a good way to create a bond with consumers. Supporting small events in regions different from the original festival site is another good way to get close to the customer. By using these strategies the service provider is able to convey its message of making its festival the place to be. Organizing bus transportation from all over the country is an additional strategy to go to where customers are and bring people together before the festival starts.

*Price:* As a pricing strategy, "community discounts" on ticket prices for larger groups might stimulate coordinated ticketing so that even previously unknown customers team up to receive such discounts. Finally, loyalty discounts could lower the hurdles to returning for those who think they have already experienced everything that can be experienced at that particular festival.

As the examples show, providers of collective hedonic services have plenty of opportunities to increase their customers' affiliations among one another. As our research demonstrates, this emerging sense of community significantly increases the likelihood that attendees become loyal customers.

## 7 LIMITATIONS AND FUTURE RESEARCH

Like most research, our study is not without limitations. Incorporating additional loyalty drivers, e.g., similarity with the prototypical customer or customer knowledge (Algesheimer, Dholakia, and Herrmann (2005)) might develop a more comprehensive understanding. Moderating variables such as gender, involvement, or participation frequency (McGinnis, Gentry, and Gao (2008)) could be included in subsequent studies.

We analyzed a music festival as example for collective hedonic services. Future research might also investigate different services such as sport events. In addition to collective hedonic services with direct interaction, researchers might find it interesting to study online communities (Fiedler (2009)). The internet provides numerous opportunities for both brand-focused and non-brand-focused communities and their integration and evolution. However, Stokburger-Sauer (2010) notes that a desire for direct experiences makes events superior to online tools in strengthening relational bonds among individuals. Thus, more research is necessary in this area.

A further issue researchers might study is whether the results obtained in our research remain stable over time. We might argue that the importance of a psychological sense of community might be high initially, but weakens over time. Later, consumers might become used to this feeling and appreciate it less. However, if this adaptation happened, it might also affect customer satisfaction. Hence, an investigation incorporating time effects could be interesting.

Last but not least, investigating potential pitfalls could improve our understanding of how the complex processes operate as a whole. For example, although a psychological sense of community is only indirectly related to overall customer satisfaction (via emotional experience), negative encounters with other customers might drive dissatisfaction (Grove, Fisk, and Dorsch (1998)). Collective hedonic services include large numbers of consumers (Ng, Russell-Bennett, and Dagger (2007)), thus bearing the risk of crowding in terms of a negative affective evaluation of a dense situation (Pons, Laroche, and Mourali (2006)). In a densely packed leisure situation, there is a negative relation between personal space, freedom of movement, privacy, and territoriality, and the affective evaluation of the service setting. This evaluation influences satisfaction with the service experience (Pons, Laroche, and Mourali (2006)). Consequently, service providers must balance between enhancing the psychological sense of community and reducing the negative crowding effects. Future research could address this dilemma in more detail.

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