

**Investigating the Impact of Disconfirmation and Satisfaction on Consumer
Choices Using Expected Utility**

A thesis submitted in fulfillment of the requirements of the degree of Doctor in Philosophy
(PhD) in Marketing, at the University of Technology, Sydney (UTS)

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CERTIFICATE OF AUTHORSHIP/ORIGINALITY

I certify that the work in this thesis has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree except as fully acknowledged within the text.

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Abstract

In recent years there has been disenchantment with the performance and relevance of customer satisfaction/dissatisfaction (CSD) models in applied business contexts. The performance of these models in predicting post experience outcomes is relatively poor. This can be attributed to issues with the development of CSD models and the complexity of the process being modeled.

One of the potential problems with CSD models is a lack of a detailed mechanism to model consumer decisions or choices. The standard structural equation models (SEM) typically used in CSD studies, do not have developed decision criteria which explain consumer choices. Expected utility (EU), however provides a basis for modeling the consumer decision process and modeling consumer choices. An EU framework which incorporates elements of CSD models is proposed to investigate the impact of disconfirmations and satisfaction on post experience consumer choice behavior.

An EU framework overcomes many of the weaknesses inherent in conventional CSD. Through the use of designed experimental choice scenarios, the impact of expectations, product performance, disconfirmations and satisfaction on post-experience choices is estimated using summary statistics and discrete choice models such as ordinal logistic regression and binary logistic regression.

The impact of disconfirmation and satisfaction on EU is investigated as the thesis progresses by successive relaxation of specified restrictions on the consumer EU function. Four separate investigations into the impact of disconfirmations on satisfaction and disconfirmation and satisfaction on post-experience choices are conducted. These four investigations (which form

the basis of Chapters 2 through to Chapter 5 of the thesis) separately examine circumstances of point only expectations(Chapter 2), expectation variability(Chapter 3), impacts on the error component of EU (Chapter 4) and relaxation of the assumption of homogeneous preferences and scale components in the EU function (Chapter 5).

Overall, from the results of these investigations it is found that disconfirmation and satisfaction are found to have significant impacts on future choices although this impact varies with variability of expectations and consumer segments. Updated expectations for the experienced brands also appear to be relevant in explaining post experience expected utility.

The results provide insights for researchers and managers as to how product experiences and measured satisfaction can be used to provide essential input for decisions and to improve prediction of future key performance indicators.