

**A Theoretical Examination of Causality for
Low Customer Satisfaction Ratings with Service Organizations**

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ABSTRACT

Customer satisfaction in the services industry poses a unique marketing challenge. Many service organizations struggle to build customer loyalty, in part because it hinges on the successful retention of a profitable and satisfied customer base. Satisfaction and retention are vital to the long term success of a service provider. Previous research has found that satisfied customers are more likely to return to the provider for future services and/or recommend the provider to other potential customers. In contrast, dissatisfied customers are less likely to return to a provider for future services, more likely to engage in negative word-of-mouth communication and/or complaint behavior, and more likely to shop for and switch to another provider. In general, customers often report lower levels of satisfaction for services than for products. This paper develops a theoretical model to explore the possible explanations for this satisfaction disparity, and offers suggestions for increasing customer retention strategies for service organizations.