How industry and occupational stereotypes shape consumers' trust, value and loyalty judgments concerning service brands

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Abstract

Purpose – Longitudinal studies have shown that consumer satisfaction has increased over the last 15 years, whereas trust and loyalty have decreased during the same period. This finding contradicts the trust–value–loyalty model (TVLM), which posits that higher satisfaction increases consumers' trust, value and loyalty levels. To explain this counterintuitive trend, this study draws on models of trust formation to integrate the stereotype content model and the TVLM. It argues that consumers' occupational and industry stereotypes influence their trust, value and loyalty judgments through their trusting beliefs regarding frontline employees and management practices/policies.

Design/methodology/approach – The study was conducted among 476 consumers who were randomly assigned to one of five service industries (apparel retail, airlines, hotels, health insurance or telecommunications services) and asked to rate their current service provider from that industry.

Findings – The results suggest that both occupational and industry stereotypes influence consumers' trusting beliefs and trust judgments, although only the effects of industry stereotypes are transferred to consumers' loyalty judgments.

Research limitations/implications – The results of the study indicate that industry stereotypes have become increasingly negative over the last decades, which has a dampening effect on the positive effects of satisfaction.

Practical implications – This study provides guidelines for practitioners regarding the management of frontline employees and the development of consumer trust, value and loyalty.

Originality/value – This is the first study to propose and test an explanation for the counterintuitive trend concerning customer satisfaction, trust and loyalty. It is also the first to examine the roles of multiple stereotypes in the relationship between consumers and service providers.

Keywords Occupational stereotypes, Service industry stereotypes, Consumer trust, Consumer loyalty, Frontline employees, Service brands, Satisfaction

Paper type Research paper

Introduction

Due to its important contribution to firm performance, building customer loyalty represents one of the key strategic goals for marketers (Edeling and Fischer, 2016; Watson *et al.*, 2015). The trust–value–loyalty model (TVLM), which was developed by Jagdip Singh and

colleagues (Nijssen *et al.*, 2003; Singh and Sirdeshmukh, 2000; Sirdeshmukh *et al.*, 2002), is among the most widely adopted theoretical frameworks for explaining the development of consumer loyalty in service industries. Briefly put, the TVLM proposes that trust and value act as sequential mediators of the effects of satisfaction on loyalty. The key assumption is that consumers primarily rely on provider-specific information gathered over the course of service episodes to render and update their trust, value and loyalty judgments (Singh and Sirdeshmukh, 2000; Sirdeshmukh *et al.*, 2002). This explains why satisfaction, which captures the valence of such service episodes, is the most commonly studied antecedent of the TVLM (e.g. Molinillo *et al.*, 2017; Nijssen and Van Herk, 2009; Nijssen *et al.*, 2003; Sirdeshmukh *et al.*, 2002).

However, the longitudinal, multi-industry surveys that have tracked consumers' satisfaction, trust and loyalty levels over recent decades offer counterintuitive findings. While customer satisfaction has increased over the past 15 years (American Customer Satisfaction Index, 2019), consumers' trust (Edelman, 2020; Rajavi *et al.*, 2019) and loyalty (Dawes *et al.*, 2015; Evanschitzky *et al.*, 2020) levels have decreased. These results raise questions about the predictive validity of the TVLM and indicate the need for investigations of the factors other than satisfaction that influence the development of consumers' trust, value, and loyalty judgments.

Theoretical models of trust formation suggest that categorization processes and the resultant stereotypes play an important role in trust development (Mcknight *et al.*, 1998; Williams, 2001). Stereotyping is a common psychological mechanism that people rely on to simplify their cognition (Macrae *et al.*, 1994). Research from the psychology and consumer behavior domains indicates that consumers' judgment is influenced by occupational stereotypes (e.g. Imhoff *et al.*, 2018) and service industry stereotypes (e.g. Batra *et al.*, 2010; Loken, 2006). Building on such research, we theorize that consumers rely on both stereotypes and satisfaction when forming their trusting beliefs. Moreover, we argue that consumers' industry stereotypes affect their trusting beliefs about management practices and policies, whereas occupational stereotypes drive their trusting beliefs about frontline employees. In turn, these trust dimensions (i.e. trusting beliefs) mediate the effects of stereotypes on consumers' trust, value and loyalty judgments.

To consistently capture the content of consumers' occupational and industry stereotypes, we draw on the stereotype content model (Fiske *et al.*, 2002), which has previously been adopted to investigate other kinds of stereotypes that consumers hold with regard to service brands (e.g. global/local or for profit/non-profit stereotypes) and employees (e.g. race or gender stereotypes (Aaker *et al.*, 2010; Madera *et al.*, 2019; Smith *et al.*, 2016)). The integration of the stereotype content model and the TVLM is considered a valid approach because the former suggests that stereotypical content can be captured alongside the dimensions of warmth and competence (Fiske *et al.*, 2002), which correspond to the benevolence and competence trusting beliefs within the TVLM (Fournier and Alvarez, 2012; Sirdeshmukh *et al.*, 2002). To test this extended conceptual model, we conducted a survey concerning brands from five service industries among 476 consumers from the United States (US). The results indicate the direct impact of both industry and occupational stereotypes on consumers' trusting beliefs regarding management practices and policies as well as frontline employees. However, only the indirect effects of industry stereotypes affect the entire TVLM chain. Finally, the results have important implications for service brand differentiation and the management of frontline employees.

Conceptual background and hypotheses
Consumer relationships with service brands and the TVLM
The development of consumer loyalty, which is defined as "a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future" (Oliver, 1999,

p. 34), represents a key strategic goal for most companies (Kumar, 2018) due to the beneficial effects of loyalty on firms' operational and financial market performance (Fornell *et al.*, 2016; Petersen *et al.*, 2018). Marketing scholars have accordingly proposed several models for explaining consumer loyalty development (Dick and Basu, 1994; Fornell *et al.*, 1996; Oliver, 1999; Sirdeshmukh *et al.*, 2002). In the present paper, we focus on the TVLM because it was constructed to explain loyalty development toward service brands and it has been tested in various settings (see Table 1).

Building on goal and action identification theories, the TVLM posits that consumers' perceptions of value, which is "defined as the perception of the benefits minus the costs of maintaining an ongoing relationship with a service provider," mediate the effects of satisfaction, trusting beliefs and trust on loyalty (Sirdeshmukh *et al.*, 2002, p. 21). The rationale behind the mediating role of value is that trust reduces relational risk and other costs while simultaneously increasing relational benefits such as convenience, efficiency and enjoyment (Agustin and Singh, 2005; Chai *et al.*, 2015; Singh and Sirdeshmukh, 2000). Early TVLM studies present mixed results, with some observing the complementary mediation of perceived value (Nijssen *et al.*, 2003) and others finding more evidence of indirect-only mediation (Sirdeshmukh *et al.*, 2002). More recent studies, however, provide clear evidence of indirect-only mediation (Chai *et al.*, 2015; Molinillo *et al.*, 2017; Nijssen and Van Herk, 2009). We follow this more recent stream of the TVLM literature and model perceived value as an indirect-only mediator (Zhao *et al.*, 2010) of the effects of consumers' stereotypes, trusting beliefs and trust on loyalty.

Trust, which is defined as a "willingness to rely on an exchange partner in whom one has confidence," is the third cornerstone of the TVLM (Moorman *et al.*, 1993, p. 82). A recent meta-analysis finds significant positive elasticity between consumer trust and loyalty (Khamitov *et al.*, 2019), thereby reaffirming previous meta-analytical findings involving business-to-business) samples (Palmatier *et al.*, 2006; Vieira, 2013). Trust is usually conceptualized as a multidimensional construct consisting of trusting beliefs and intentions (Mayer *et al.*, 1995; Mcknight *et al.*, 1998; Morgan and Hunt, 1994). The TVLM proposes that trusting beliefs consist of benevolence and competence dimensions. Within the service industries, consumers interact with frontline employees who are tasked with implementing management practices and policies. The TVLM accordingly predicts that consumers' trusting beliefs regarding both frontline employees and management practices and policies serve as the determinants of consumer trust (Sirdeshmukh *et al.*, 2002).

The benevolence and competence dimensions of consumers' trusting beliefs regarding management practices and policies as well as frontline employees capture the four dimensions of consumer trust in (1) the motivation of a provider to put the interests of the consumer first and (2) the ability of a provider to consistently deliver the expected service (Sirdeshmukh *et al.*, 2002). The TVLM further assumes that consumers form such beliefs as they interact with the provider and experience satisfaction (Singh and Sirdeshmukh, 2000; Sirdeshmukh *et al.*, 2002). Nevertheless, longitudinal studies show that consumers' global service evaluations are not particularly sensitive to changes in the performance of providers across service episodes (Bolton and Drew, 1991a, b). These results imply that consumers rely on additional psychological mechanisms alongside experience-based confirmation of service expectations (i.e. satisfaction) when assessing trust, value, and loyalty.

Prior research on the TVLM model acknowledges that consumers might rely on other psychological constructs than satisfaction, for example, industry dispositions and culturally shared mental models (Nijssen *et al.*, 2003; Singh *et al.*, 2011). However, the literature lacks a comprehensive theoretical account that explains how such psychological mechanisms fit within the TVLM. Thus, we expand the TVLM by building on models of interpersonal trust development (Foddy *et al.*, 2009; Mcknight *et al.*, 1998; Williams, 2001), which predict that

Study	Study context	Antecedents of trust studied	Trust conceptualization	Main findings
Singh and Sirdeshmukh (2000)	Conceptual paper	Satisfaction, price premiums, price fairness	–	The authors propose a dynamic relationship between trust and satisfaction, where consumers' encounter-specific satisfaction updates their trust beliefs of benevolence and competence in the service brand
Sirdeshmukh et al. (2002)	Airline, apparel retailer	Problem-solving orientation, operational benevolence and competence of frontline employees, and management policies and practices	Multidimensional	The authors demonstrate that trust and value mediate the effects of trusting perceptions and show that negative trusting perceptions exhibit stronger effects on trust than positive ones
Nijssen et al. (2003)	Airline, apparel retailer	Satisfaction and consumer dispositions toward firms in terms of valence and marketplace efficacy	Unidimensional	The authors demonstrate that both consumer disposition and satisfaction affect the TVLM constructs and find the moderating effects of consumer dispositions in the trust–value chain
Agustin and Singh (2005)	Airline, apparel retailer	Satisfaction	Unidimensional	The authors find that trust and value partially mediate the effects of satisfaction on loyalty. They also show that satisfaction and value have a decreasing rate of return, while trust exhibits an increasing rate of return in terms of predicting loyalty
Nijssen and Van Herk (2009)	Cross-national relational exchanges (Dutch–German), bank customers	Satisfaction	Unidimensional	The authors find strong support for the TVLM model, but find no moderating effects of tax benefits or consumer ethnocentrism. They find only partial support for the moderating effects of consumer beliefs about a foreign industry

(*continued*)

Table 1.
A summary of prior
studies investigating
the TVLM

Study	Study context	Antecedents of trust studied	Trust conceptualization	Main findings
Singh *et al.* (2011)	Insurance industry in three countries (Germany, The Netherlands, and The US)	Satisfaction, CLIMA – shared and socially constructed mental model for the social structure of marketplace exchanges	Unidimensional	The authors find that CLIMA has direct effects on trust, satisfaction, and value; it also moderates their effects on customer loyalty
Marinova and Singh (2014)	A zoological society in the US	Identity salience, perceived benefits, perceived costs	Unidimensional	The authors find that neither trust nor value affect membership renewal decisions; only trust predicts a membership upgrade decision
Chai *et al.* (2015)	Banking industry in New Zealand	–	Multidimensional	The authors propose two-dimensional conceptualizations of trust (cognitive and emotional), perceived value (utilitarian ad hedonic), and loyalty (repurchase and advocacy intentions)
El-Manstrly (2016)	Hairdressers and fast-food restaurants in Scotland	–	Unidimensional	The author finds that only procedural and financial switching costs moderate the direct relationships of the TVLM, such that the effects of trust and value on loyalty become more important as the switching costs increase
Molinillo *et al.* (2017)	Online apparel retail in Spain	Satisfaction, affective experiential state	Unidimensional	The authors conclude that both satisfaction and affective experiential state positively affect trust, which further carries their effects to value and loyalty
This study	Airline, apparel retail, insurance, hotel, and telecom in the US	Satisfaction, occupational and industry stereotypes	Multidimensional	We find that occupational stereotypes predict the trusting of frontline employees, while industry stereotypes predict the trusting of management policies and practices. However, only industry stereotypes exhibit a significant indirect effect on loyalty

Table 1.

stereotypes determine trusting beliefs. For instance, Williams (2001) posits that category-based beliefs (i.e. stereotypes) directly affect trusting beliefs and intentions toward an individual from that category. Similarly, McKnight *et al.* (1998, p. 481) argue that by "positive stereotyping, one can quickly form positive trusting beliefs about the other by generalizing from the favorable category into which the person was placed." We propose that consumers develop trusting beliefs by relying on stereotypes concerning a service industry and frontline employees' occupation.

Consumers' stereotypes and their relationships with service brands
Psychologists define stereotypes as "qualities perceived to be associated with particular groups or categories of people" (Schneider, 2005, p. 24). However, Aaker *et al.* (2010) demonstrate that consumers rely on similar categorization mechanisms with regard to service brands and also hold different stereotypes regarding for-profit and non-profit service companies. Thus, we adapt Schneider's (2005) definition and conceptualize stereotypes as qualities perceived to be associated with certain groups or categories of *targets*. This reconceptualization allows us to examine consumers' stereotypes about a given service industry (i.e. a group of companies or service brands that offer a similar service) as well as consumers' occupational stereotypes about frontline employees (i.e. a category of people).

Yet, while our conceptualization of stereotypes provides the foundation for theorizing in terms of their nomological relationships with consumers' trusting beliefs, it has nothing to say about the content of stereotypes (i.e. the qualities). To consistently capture the content of stereotypes, we rely on the stereotype content model (Fiske *et al.*, 2002), which posits that people organize the substance of stereotypes on the basis of both *warmth* and *competence*. In this context, warmth captures the intentions of a group or category, and it is associated with qualities such as friendliness, honesty, likability and sincerity (Fiske, 2018). Moreover, competence captures the ability of a group or category to realize its intentions (Fiske *et al.*, 2002). As a result, competence stereotypes are reflected in qualities such as skill, efficiency and intelligence (Fiske, 2018).

Marketing scholars have long acknowledged that consumers' beliefs and perceptions in relation to service companies might be stereotypical (Martineau, 1958; Tucker, 1961), although the theory that examines both the content and processes of consumer stereotyping is still emerging. In the following subsections, we review the literature concerning consumers' stereotypes about service industries and frontline employees. We focus on service industry stereotypes because the service industries represent categories of companies or service brands that provide a similar offering (Bajde, 2019; Nightingale, 1978), which renders them natural categories (Rosch, 1973). This means that the service industries are among the most commonly applied categories when it comes to stereotyping service companies or brands (Loken, 2006; Tucker, 1961). However, we do acknowledge that consumers may categorize and stereotype service companies or brands on the basis of additional categories, such as gender (Hess and Melnyk, 2016), for-profit/non-profit status (Aaker *et al.*, 2010) or company size (Yang and Aggarwal, 2019).

Similarly, we focus on occupational stereotypes, although consumers may rely on other categories (e.g. age, ethnicity, gender and race) in addition to the occupation of frontline employees (Davies and Chun, 2012; Timming *et al.*, 2020; Tombs and Rao Hill, 2014). However, it is important to recognize that the applicability of these stereotypes is contingent upon the characteristics of an individual frontline employee as well as dependent upon the situation. Moreover, any practical intervention concerning the management of frontline employees based on such categories may constitute a form of employee discrimination. Occupational stereotypes apply to whole groups of frontline employees within a given company (e.g. servers, clerks, salespeople, call center representatives). Further, recent

research from the field of psychology demonstrates that different occupations differ considerably in terms of the associated warmth and competence stereotypes (e.g. Imhoff *et al.*, 2018). Occupations are, therefore, relevant social categories upon which people base their assessment of frontline employees (Gunia and Levine, 2019; Pinar *et al.*, 2017), and they can also serve as managerially actionable categories of frontline employees.

Consumers' reliance on service industry stereotypes. Prior studies seem reluctant to invoke the construct of consumers' service industry stereotypes, which we define as consumers' warmth and competence beliefs regarding a service industry, and so offer alternative conceptualizations. For example, Nijssen *et al.* (2003, p. 48) propose the construct of *consumer dispositions*, which they define "as attitudes and action tendencies to respond to industry-context situations in a particular, predetermined manner." Furthermore, they conceptualize dispositions as a two-dimensional construct consisting of *valence* and *marketplace efficacy*, which seem to reflect warmth and competence stereotypes. Nijssen *et al.* (2003) find that valence (but not marketplace efficacy) dispositions affect consumers' satisfaction and value judgments, but not their trust and loyalty judgments.

Similarly, Iglesias (2004, p. 91) proposes the construct of *service category preconceptions*, which he defines as "customer beliefs about the service category prior to the service encounter that is the object of study." Based on his operationalization of the construct, it appears to somewhat overlap with warmth stereotypes. Iglesias (2004) concludes that preconceptions positively affect consumers' evaluations of service quality dimensions, although only the reliability and empathy dimensions of service quality transfer their effects to consumers' overall service evaluation. Thus, both studies emphasize the role of perceived intentions (i.e. warmth stereotypes) and fail to provide support for the role of service industry competence stereotypes.

A number of recent studies rely on the stereotype content model to examine the impacts of warmth and competence stereotypes on consumers' relationships with service brands. For example, Valta's (2013) sample includes service brands and she finds that only competence (not warmth) stereotypes influence the quality of relationships. Japutra *et al.* (2018) demonstrate that both warmth and competence affect students' trust in a university; however, they conceptualize the direct effects of stereotypes on trust judgments and disregard the roles of trusting beliefs as mediators (Sirdeshmukh *et al.*, 2002). Drawing on trust formation models (Mcknight *et al.*, 1998; Williams, 2001), we propose a refined relationship between service industry stereotypes and trust, which is mediated by consumers' trusting beliefs concerning the management practices and policies of service companies. We expect that if consumers perceive a given service industry to be well intentioned, they are likely to believe that the management practices and policies of a service company or brand from that industry are benevolent. Similarly, the more that consumers perceive a service industry to be capable of enacting its intentions, the more positive their beliefs about the competence of an individual service company or brand from that industry are. Therefore, we offer the following hypotheses:

H1a. Consumers' industry warmth stereotypes are positively related to their trusting beliefs about the benevolence of a service company's management practices and policies.

H1b. Consumers' industry competence stereotypes are positively related to their trusting beliefs about the competence of a service company's management practices and policies.

Consumers' reliance on occupational stereotypes. Prior studies on consumer stereotyping document how the use of occupational stereotypes, which are defined as beliefs about the warmth and competence of occupational groups, affect consumers' evaluations of both

frontline employees and the company. For example, Matta and Folkes (2005) manipulate frontline employees' gender to show that counter-stereotypical (versus stereotypical) gender–occupation matches result in more positive evaluations of a company. This effect is especially prevalent when consumers have little information about the service offered (Folkes and Patrick, 2003). In parallel, Mikolon *et al.* (2016) demonstrate that consumers' negative stereotypes regarding frontline employees negatively affect their perceptions of the interaction quality.

Studies that rely on the stereotype content model to examine occupational stereotypes also offer relevant insights. First, people associate different levels of warmth and competence with certain occupations (He *et al.*, 2019; Imhoff *et al.*, 2018). For example, doctors are stereotyped as more competent than nurses (Imhoff *et al.*, 2018) and bank tellers are stereotyped as warmer than customer service representatives (He *et al.*, 2019). Second, there is some evidence that consumers rely on occupational stereotypes to infer the warmth and competence of frontline employees. For instance, Hareli *et al.* (2013) demonstrate that people perceive doctors (versus no occupation) as warmer and more competent, while Huetten *et al.* (2019) show that patients' occupational stereotypes affect their satisfaction with physicians.

Finally, other research findings suggest that consumers' warmth and competence perceptions, which are derived from other stereotypes such as ethnicity (Gill, 2017), gender (Wu *et al.*, 2016) or weight (Smith *et al.*, 2016), influence their assessment of frontline employees. Such studies, together with models of trust formation (Mcknight *et al.*, 1998; Williams, 2001), provide preliminary empirical and conceptual support for our predictions that consumers' perception of frontline employees' occupational group as being well-intentioned leads to the assumption that frontline employees are willing to put consumers' interests first. Following the same logic, consumers' perception of the ability of frontline employees' occupational group to enforce its intentions should lead consumers to believe that frontline employees are competent in relation to their tasks. Thus, we hypothesize the following:

H2a. Consumers' occupational warmth stereotypes are positively related to their trusting beliefs about the benevolence of a service company's frontline employees.

H2b. Consumers' occupational competence stereotypes are positively related to their trusting beliefs about the competence of a service company's frontline employees.

As the TVLM has already been well established (see Table 1), we do not hypothesize any additional direct effects. Rather, we treat the original TVLM relationships as a conceptual replication (Lynch *et al.*, 2015). Our conceptualization, measures, and formal specification of the TVLM constructs and relationships follow those of previous studies (Nijssen and Van Herk, 2009; Nijssen *et al.*, 2003; Sirdeshmukh *et al.*, 2002). However, we are interested in the mediating roles of trusting beliefs, trust and value in terms of transferring the effects of stereotypes to loyalty. Studying this chain of effects can provide insights into the counterintuitive trend concerning customers' satisfaction, trust, and loyalty levels. Since the stereotypes offer information that is only relevant to the formation of consumers' trusting beliefs (Mcknight *et al.*, 1998; Williams, 2001), we argue for indirect-only mediation (Zhao *et al.*, 2010), meaning that both industry and occupational stereotypes exhibit only indirect effects on loyalty. Thus, we offer the following hypothesis:

H3. Consumers' trusting beliefs about (a) management practices and policies and (b) frontline employees, along with trust and value, mediate the effects of consumers' (a) industry and (b) occupational stereotypes on loyalty.

Finally, as we intend to increase the generalizability of our findings by testing the conceptual model in multiple service industries, we control for any potential heterogeneity due to

differences between the various industries with service category involvement as a covariate (Brocato *et al.*, 2015). We also account for the effects of encounter-specific customer satisfaction as the most commonly studied antecedent of the TVLM chain (see Table 1). Figure 1 summarizes our conceptual model.

Empirical study
Design, participants and measures
Cross-sectional surveys are commonly used in studies of both the TVLM (see Table 1) and the stereotype content model (Cuddy *et al.*, 2007; Ivens *et al.*, 2015). Therefore, we relied on Prolific Academic, a crowdsourcing platform that requires participants to provide high-quality data (Peer *et al.*, 2017), and recruited 543 respondents from the US Each respondent received compensation equivalent to $11.85 per hour. For data quality assurance purposes, we included a directed query attention check (i.e. "Please, place this slider in the middle"; for further detail, see Abbey and Meloy (2017)), which allowed us to exclude 45 inattentive respondents. We also excluded 22 respondents who completed the survey in less than three minutes (Alexandrov *et al.*, 2013). This resulted in a final sample of 476 respondents (52% female, M_{age} = 34.48, SD_{age} = 12.84 years, minimum = 18 years, maximum = 72 years).

After consenting to participate in the study, the respondents were randomly assigned to one of five groups ($n_{apparel\ retail}$ = 93, $n_{airlines}$ = 95, n_{hotels} = 91, $n_{health\ insurance}$ = 99, or $n_{telecommunications\ services}$ = 98) and asked to name their current provider in that industry or the provider they had most recently dealt with. Subsequently, all the constructs were measured on established scales related to the named service provider. This research design offered two main advantages over the use of a fictitious brand or a survey of customers of a single provider. First, the respondents had actual experience with the service company or brand, which prevented construct creation from the research questions, which occurs when fictitious brands are used as stimuli (for more details, see Forbes and Avis (2020)). Second, the research design enabled us to test the model across multiple service brands within each industry and
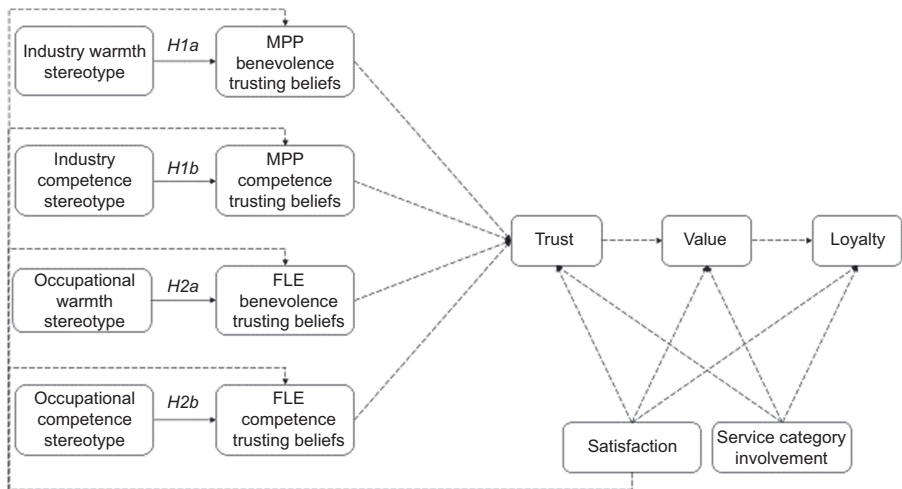

Figure 1.
The conceptual model

Note(s): MPP–management practices and policies; FLE-frontline employees. Solid lines represent hypothesized relationships, while dashed lines represent previously established relationships of the trust–value–loyalty model

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to control for any brand-specific findings. The most frequently named service brands were Target, H&M, and Kohl's for the apparel retail industry; American Airlines, Southwest, and Delta for the airline industry; Hilton, Marriot, and Holiday Inn for the hotel industry; Blue Cross, Humana, and UnitedHealthcare for the insurance industry; and Verizon, AT&T, and Comcast for the telecommunication service industry. We selected these five industries because they represent common research contexts within the literature on the TVLM (see Table 1).

To reduce the potential for common method bias, we ensured the anonymity of the respondents, relied on established measurement scales, made an effort to keep the measurement of the dependent and independent variables as distant as possible, and used various rating scale formats for the different constructs (Podsakoff *et al.*, 2012). To measure loyalty (1 = Strongly disagree, 7 = Strongly agree), we used three items from Rosengren and Dahlén (2015). For value (1 = Strongly disagree, 7 = Strongly agree), we adopted four items from Karpen *et al.* (2015). For trust (1 = Strongly disagree, 5 = Strongly agree), we used three items from Li *et al.* (2008). For benevolence and competence trusting beliefs concerning frontline employees as well as management practices and policies (1 = Strongly disagree, 5 = Strongly agree), we adapted three items for each dimension from Sirdeshmukh *et al.* (2002). For warmth and competence occupational stereotypes (1–7 semantic differential), we used four items for each dimension from Kirmani *et al.* (2017). For warmth and competence industry stereotypes (1 = Not at all, 5 = Extremely), we adopted four items per dimension from Halkias *et al.* (2016). To measure the control variables, we used three items (1–10 semantic differential) for encounter-specific satisfaction (Sirdeshmukh *et al.*, 2002) and three items (1 = Strongly disagree, 7 = Strongly agree) for category involvement (Brocato *et al.*, 2015). All the scales' items, their loadings, and their reliabilities are presented in Table 2. The significant and high standardized factor loadings and acceptable Cronbach's alphas provide initial evidence of the convergent validity and reliability of our measures (Bagozzi and Yi, 2012).

Results
Measurement model. Due to the cross-sectional nature of our data, we tested for the potential effects of common method bias using the marker variable technique (Bagozzi, 2011). Agreement with the statement "When I see a full ashtray or waste basket, I want it emptied immediately" was selected as the marker variable, since it is theoretically unrelated to the constructs in our conceptual model. The inclusion of the marker variable did not affect the fit of the measurement model or the factor loadings of the indicators on their substantive latent variables. Moreover, seven of the 13 correlations between the marker variable and the study constructs were not statistically significant, while the significant coefficients were small in magnitude ($r < 0.18$). This led us to conclude that common method bias was not likely to influence our findings.

Thus, we proceeded with the estimation of the measurement model, which fitted the data well (χ^2 = 1,700.237; degrees of freedom [df] = 867 comparative fit index [CFI] = 0.959; Tucker–Lewis index [TLI] = 0.954; root mean square error of approximation [RMSEA] = 0.045; standardized root mean squared residual [SRMR] = 0.044). The inspection of the composite reliabilities and average variances extracted (AVEs), as reported in Table 3, provided further evidence of reliability and convergent validity (Bagozzi and Yi, 2012). Moreover, the comparisons of the square roots of the AVEs and inter-construct correlations (see Table 3) supported the discriminant validity of our measures (Voorhees *et al.*, 2016).

Structural model. We fitted the structural model from Figure 1 and obtained an acceptable fit (χ^2 = 2036.521; df = 910; CFI = 0.945; TLI = 0.940; RMSEA = 0.051; SRMR = 0.068).

Scale (Cronbach's alpha)/items	Standardized factor loadings
Loyalty (Cronbach's $\alpha = 0.85$)	
I am committed to BRAND	0.781
I would be willing to pay a higher price for BRAND than for other brands	0.644
I will buy/use BRAND the next time I need SERVICE INDUSRTY	0.855
I intend to keep using BRAND	0.801
Value ($\alpha = 0.92$)	
BRAND offers good value for the price I pay	0.866
BRAND offers good value for the effort I make	0.929
BRAND offers good value for the time I invest	0.936
BRAND offers experiences that make me feel good	0.723
Trust (Cronbach's $\alpha = 0.97$)	
I have no doubt BRAND can be trusted	0.903
BRAND is trustworthy	0.979
I Trust BRAND	0.954
Management practices and policies – benevolence trusting beliefs (Cronbach's $\alpha = 0.90$)	
BRAND has practices that indicate respect for the customer	0.87
BRAND favors the customer's best interests	0.92
BRAND acts as if the customer is always right	0.818
Management practices and policies – competence trusting beliefs (Cronbach's $\alpha = 0.90$)	
BRAND has efficient customer service procedures	0.808
BRAND keeps its premises clean and free of clutter	0.734
BRAND is organized to keep things moving so you do not have to wait	0.872
Frontline employees – benevolence trusting beliefs (Cronbach's $\alpha = 0.87$)	
The BRAND's employees act as if they value you as a customer	0.837
The BRAND's employees can be relied upon to provide accurate information	0.829
The BRAND's employees treat you with respect	0.883
Frontline employees – competence trusting beliefs (Cronbach's $\alpha = 0.91$)	
The BRAND's employees work quickly and efficiently	0.821
The BRAND's employees can competently handle most customer requests	0.909
The BRAND's employees can be relied upon to know what they are doing	0.912
Industry stereotypes – warmth (Cronbach's $\alpha = 0.94$)	
Most people in the US see the companies from SERVICE INDUSTRY as friendly	0.892
Most people in the US see the companies from SERVICE INDUSTRY as good-natured	0.869
Most people in the US see the companies from SERVICE INDUSTRY as kind	0.902
Most people in the US see the companies from SERVICE INDUSTRY as warm	0.866
Industry stereotypes – competence (Cronbach's $\alpha = 0.90$)	
Most people in the US see the companies from SERVICE INDUSTRY as capable	0.897
Most people in the US see the companies from SERVICE INDUSTRY as competent	0.901
Most people in the US see the companies from SERVICE INDUSTRY as efficient	0.753
Most people in the US see the companies from SERVICE INDUSTRY as intelligent	0.755
Occupational stereotypes – warmth (Cronbach's $\alpha = 0.96$) Most people in the US view employees in the SERVICE INDUSTRY (e.g. claims examiners) as . . .	
Unfriendly/friendly	0.909
Cold/warm	0.931

Table 2.
Items, loadings,
and reliabilities

(continued)

Scale (Cronbach's alpha)/items	Standardized factor loadings
Unsociable/sociable	0.873
Not nice/nice	0.939
Occupational stereotypes – competence (Cronbach's $\alpha = 0.94$) Most people in the US view employees in the SERVICE INDUSTRY (e.g. claims examiners) as ...	
Incompetent/competent	0.889
Not clever/clever	0.828
Not knowledgeable/knowledgeable	0.931
Unskilled/skilled	0.853
Service category involvement (Cronbach's $\alpha = 0.94$)	
In general, I have a strong interest in SERVICE INDUSTRY.	0.944
SERVICE INDUSTRY is very important to me	0.882
SERVICE INDUSTRY means a lot to me	0.933
Satisfaction (Cronbach's $\alpha = 0.95$) how would you describe your last encounter with BRANND ...	
Highly unsatisfactory/highly satisfactory	0.921
Very unpleasant/very pleasant	0.949
Terrible/delightful	0.894

Table 2.

Demonstrating strong direct effects, the model accounted for substantial variance of all the endogenous variables ($R^2_{\text{MPPbenevolence}} = 42.1\%$; $R^2_{\text{MPPcompetence}} = 43.0\%$; $R^2_{\text{FLE benevolence}} = 35.6\%$; $R^2_{\text{FLEcompetence}} = 36.1\%$; $R^2_{\text{Trust}} = 57.2\%$; $R^2_{\text{Value}} = 58.1\%$; $R^2_{\text{Loyalty}} = 49.0\%$). Moreover, the estimates of the path coefficients (Figure 2) fully replicated the results of the core TVLM relationships (Nijssen and Van Herk, 2009; Nijssen *et al.*, 2003; Sirdeshmukh *et al.*, 2002). Customer satisfaction exhibited significant positive effects across all the dependent variables, which is consistent with the findings of previous studies (Molinillo *et al.*, 2017; Nijssen and Van Herk, 2009; Nijssen *et al.*, 2003; Singh *et al.*, 2011; Sirdeshmukh *et al.*, 2002). As expected, service category involvement significantly and positively affected trust, value, and loyalty (Brocato *et al.*, 2015).

Importantly, the results of the structural model provide support for our first four hypotheses. Consistent with H1a and H1b, the effects of both industry warmth ($\gamma = 0.238$; $p < 0.001$) and competence ($\gamma = 0.161$; $p < 0.001$) stereotypes on consumers' trusting beliefs regarding the benevolence and competence of management practices and policies were significant and positive. Supporting H2a and H2b, both occupational warmth ($\gamma = 0.111$; $p < 0.01$) and competence ($\gamma = 0.193$; $p < 0.001$) stereotypes had a significant positive effect on consumers' benevolence and competence trusting beliefs regarding frontline employees.

To test the final two hypotheses, we followed the methodological literature on mediation analysis (Hayes *et al.*, 2017; Iacobucci *et al.*, 2007). More specifically, we fitted the proposed structural model (as depicted in Figures 1 and 2) and then bootstrapped 5,000 samples to construct 95% confidence intervals for the indirect effects of service industry warmth and competence stereotypes as well as occupational warmth and competence stereotypes on loyalty. Lending support to H3a, both the indirect effects of industry competence stereotypes ($\beta_{\text{indirect effect}} = 0.003$; CI [0.001; 0.010]; $p = 0.087$) and the indirect effects of industry warmth stereotypes ($\beta_{\text{indirect effect}} = 0.014$; CI [0.007; 0.026]; $p < 0.001$) on loyalty were significant. However, the confidence intervals for the indirect effects of occupational competence stereotypes ($\beta_{\text{indirect effect}} = 0.001$; CI [0.000, 0.005]; $p = 0.109$) and occupational warmth stereotypes ($\beta_{\text{indirect effect}} = 0.002$; CI [0.000, 0.004]; $p = 0.110$) on loyalty contained a zero, leading us to reject H3b. To further determine the type of mediation, we followed the decision

Construct	CR	AVE	1	2	3	4	5	6	7	8	9	10	11	12	13
Loyalty (1)	0.86	0.60	*0.77*												
Value (2)	0.92	0.75	0.65***	*0.87*											
Trust (3)	0.96	0.90	0.53***	0.66***	*0.95*										
Frontline employees – benevolence trusting beliefs (4)	0.89	0.72	0.33***	0.49***	0.56***	*0.85*									
Frontline employees – competence trusting beliefs (5)	0.91	0.78	0.32***	0.52***	0.57***	0.60***	*0.88*								
Management practices and policies – benevolence trusting beliefs (6)	0.90	0.76	0.39***	0.53***	0.67***	0.57***	0.65***	*0.87*							
Management practices and policies – competence trusting beliefs (7)	0.85	0.65	0.33***	0.51***	0.59***	0.61***	0.65***	0.65***	*0.81*						
Occupational stereotype – warmth (8)	0.95	0.83	0.13*	0.21***	0.31***	0.28***	0.35***	0.36***	0.35***	*0.91*					
Occupational stereotype – competence (9)	0.93	0.77	0.15**	0.24***	0.36***	0.28***	0.34***	0.39***	0.32***	0.69***	*0.88*				
Industry stereotype – warmth (10)	0.93	0.78	0.17***	0.22***	0.35***	0.20***	0.34***	0.40***	0.32***	0.68***	0.65***	*0.88*			
Industry stereotype -competence (11)	0.90	0.69	0.17**	0.23***	0.41***	0.23***	0.36***	0.41***	0.35***	0.59***	0.64***	0.67***	*0.83*		
Service category involvement (12)	0.94	0.85	0.35***	0.21***	0.16***	0.01†	0.11*	0.08	-0.03	-0.13*	0.07	-0.02	0.02	*0.92*	
Satisfaction (13)	0.95	0.86	0.57***	0.69***	0.66***	0.56***	0.53***	0.58***	0.61***	0.31***	0.30***	0.31***	0.33***	0.15**	*0.93*

Note(s): CR = composite reliability. AVE = average variance extracted. Square root of the AVE in italics on the diagonal. Significance of correlation coefficients: † < 0.10; $*p < 0.05$; $**p < 0.01$; $***p < 0.001$
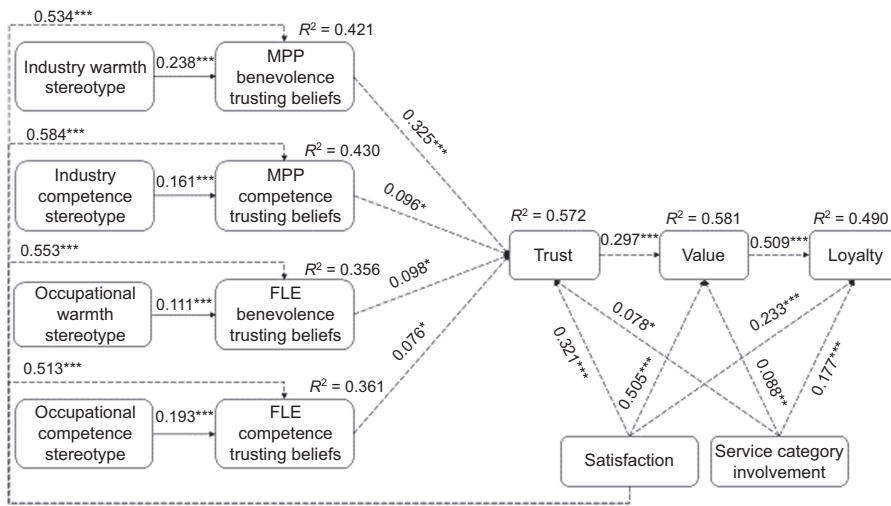
Table 3.
Validity matrix

Note(s): MPP-management practices and policies; FLE-frontline employees. Solid lines represent
hypothesized relationships, while dashed lines represent previously established relationships of the
trust–value–loyalty model. Significance of standardized path coefficients: *$p < 0.05$; **$p < 0.01$;
***$p < 0.001$

tree proposed by Zhao *et al.* (2010). An estimation of the structural model with direct paths
from the four stereotype variables to loyalty freely estimated, did not lead to a significant
improvement in the model fit ($\Delta\chi^2_{df=4} = 2.412$), while all four paths turned out to be non-
significant (all ps > 0.27). This finding supports our expectation of indirect-only mediation by
trusting beliefs, trust, and value in terms of transferring the effects of stereotypes to loyalty
(Zhao *et al.*, 2010).

Discussion

Research within the relationship marketing domain that examines the development of
consumer loyalty to service brands largely neglects the heuristics that consumers rely upon
to simplify their judgments (El-Manstrly, 2016; Molinillo *et al.*, 2017). This paper sought to
examine the roles of industry and occupational stereotypes in the formation of relationships
between consumers and service brands. To accomplish this, we integrated two established
theoretical models: the TVLM, which explains the evolution of consumer loyalty
(Sirdeshmukh *et al.*, 2002), and the stereotype content model, which takes into account the
content of consumer stereotypes (Fiske *et al.*, 2002). This enabled us to provide new insights
into the development of consumer trust in service brands.

We also considered the mediating roles of consumers' trusting beliefs, trust, and value in
terms of transmitting the effects of their industry and occupational stereotypes to loyalty. We
followed the more recent stream of TVLM literature and modeled perceived value as an
indirect-only mediator (Zhao *et al.*, 2010) of the effects of stereotypes, trusting beliefs, and
trust on loyalty. The results indicate that only industry stereotypes translate into loyalty,
while the effects of occupational stereotypes stop at trust. Consumers rely on both the
perceived qualities of a particular industry and the occupation of frontline employees when
establishing trust in a service provider. However, in terms of loyalty to a service brand,
industry stereotypes matter more than the qualities associated with a particular occupation
of frontline employees.

Theoretical implications

According to the TVLM, higher satisfaction should lead to higher levels of trust and loyalty. Yet, longitudinal studies conducted in the service industries reveal a counterintuitive trend: consumer satisfaction has increased over recent decades, while trust and loyalty have decreased during the same period (ACSI, 2019; Evanschitzky *et al.*, 2020; Rajavi *et al.*, 2019). To explain this trend, we integrated the TVLM with the stereotype content model and found that consumers' industry stereotypes influence their trust, value and loyalty judgments through their trusting beliefs in management practices and policies. Our results imply that consumers' stereotypes regarding the warmth and competence of many service industries have become negative over the past 15 years, which could explain why increases in customer satisfaction have not translated into higher levels of trust and loyalty. However, our cross-sectional analysis provides only initial insights, which should be corroborated with experimental and longitudinal evidence (Bagozzi and Yi, 2012).

This study contributes to two streams of marketing literature, namely relationship marketing and consumer stereotyping. While prior studies have proposed idiosyncratic constructs (Iglesias, 2004; Nijssen *et al.*, 2003) to capture the heuristics upon which consumers base their trust, value, and loyalty judgments, we developed a more parsimonious conceptualization, which builds on the extensive psychological research on stereotypes. Through drawing on models of trust formation (Williams, 2001; Mcknight *et al.*, 1998) we explicated the role of different types of stereotypes in shaping consumers' trust, value and loyalty judgments. More specifically, this study is the first to demonstrate that the development of consumers' trusting beliefs and intentions not only depends on their satisfaction with a service provider, as suggested by previous studies on the TVLM (Nijssen and Van Herk, 2009; Nijssen *et al.*, 2003; Sirdeshmukh *et al.*, 2002), but also on their warmth and competence stereotypes regarding the service industries and occupational groups of frontline employees. Our paper, therefore, provides a conceptual contribution in terms of the integration (Macinnis, 2011) of two previously unrelated research streams: the TVLM (see Table 1) and consumer stereotyping (Aaker *et al.*, 2010; Kolbl *et al.*, 2019; Smith *et al.*, 2016).

We also provide new insights into trust formation. That is, we extended the models of trust formation that were developed in interpersonal settings (Mcknight *et al.*, 1998; Williams, 2001) to the consumer-brand context. Our results show that the effects of stereotypes persist in the later stages of a relationship, which sheds some doubt on the theoretical assumption that experiential evidence, such as customer satisfaction, completely replaces stereotypical information, such as warmth and competence perceptions, in terms of driving trusting beliefs and intentions. This finding has important implications for trust development and provides an explanation as to why initiatives aimed at improving trust through offering experiential evidence of trustworthiness often fail (Mcknight *et al.*, 1998). The addition of stereotypes to the literature on consumer loyalty development also provides a solid theoretical foundation for future studies concerning other types of stereotypes and underlying categories that could be diagnostic with regard to predicting consumers' trust, value and loyalty judgments.

Our results also have theoretical implications in relation to consumer stereotyping, as we are the first to suggest that consumers rely on multiple categories and resultant stereotypes at once. This extends the findings of prior studies, which examined only a single group or category underlying consumer stereotypes (Aaker *et al.*, 2010; Kolbl *et al.*, 2019; Smith *et al.*, 2016). Moreover, we are the first to investigate the service industry, which is considered analogous to the product category (Loken, 2006), as the basis for consumer warmth and competence stereotypes. This extends previous studies that examined non-profit/profit-oriented (Aaker *et al.*, 2010), small/large (Yang and Aggarwal, 2019) and local/global service provider stereotypes (Davvetas and Halkias, 2019) as the drivers of consumers' beliefs, attitudes, and behaviors. An important avenue for future research would, therefore, be to identify the boundary conditions for the effects of different kinds of stereotypes. When are

consumers more likely to rely on industry or product category stereotypes than on small/large or local/global stereotypes?

Finally, our results show that both warmth and competence are important in relation to consumer–provider relationships. The prior literature offers mixed results, with some studies emphasizing the role of warmth (Güntürkün *et al.*, 2020; Iglesias, 2004; Kolbl *et al.*, 2019) and others the role of competence (Kirmani *et al.*, 2017; Valta, 2013). We show that where trust, value and loyalty judgments are concerned, both warmth and competence have a considerable impact. This implies that focusing on narrow constructs such as consumers' brand identification or willingness to pay a price premium as the outcomes of warmth and competence stereotypes may result in an biased insight that favors one dimension over the other. When several constructs, such as trust and loyalty, are considered jointly, both stereotype dimensions appear to be important drivers of consumer judgments.

Managerial implications
Our results suggest that the development of consumer loyalty should be easier in certain service industries due to the more favorable warmth and competence stereotypes that consumers hold. This provides an explanation for the differences in the degree of consumer loyalty identified across various industries in previous studies (e.g. González-Benito and Martos-Partal, 2012). For example, our results indicate that the airline and hotel industries are stereotypically warmer than the insurance and telecommunications industries, while the insurance industry is stereotypically less competent than the hotel and airline industries. Thus, managers should take such industry stereotypes into account when setting goals concerning customer retention and loyalty, which will prove more difficult to achieve in certain industries (e.g. insurance).

The managerial literature proclaims the end of consumer loyalty (Demers, 2017) and considers cultural shifts as one of reason for its decline (Kusek, 2016). It also calls for the reinvention of customer service, since consumers are more likely to complain about poor service than to reward good service, which suggests there is no reason for service providers to excel in relation to consumer satisfaction (Dixon *et al.*, 2010; Dixon *et al.*, 2017). Stereotypes, as socially shared sets of beliefs (Kolbl *et al.*, 2019; Kolbl *et al.*, 2020), can capture this cultural change and so affect managers who seek to build loyalty by implementing differentiation and positioning strategies on the basis of consumer satisfaction. The effectiveness of such strategies could be hampered by consumers' industry stereotypes. As a result, managers from negatively stereotyped industries should adopt coopetition strategies designed to improve consumers' stereotypical perceptions of their industries, which should help to promote loyalty to all industry members (Bengtsson and Raza-Ullah, 2016). For instance, companies could engage in joint corporate social-responsibility initiatives, ensure fair supply-chain practices or reach an industry-level employment agreement that guarantees a living wage to all employees in order to improve the industry's warmth stereotypes (Shea and Hawn, 2019). Alternatively, companies could introduce industry-wide quality and/or governance standards, which should improve the industry's competence stereotypes. There exists evidence to suggest that such industry-wide initiatives are less likely to be perceived as unauthentic, which means they are highly unlikely to backfire (Gilbert *et al.*, 2011; Paine *et al.*, 2005).

Service providers often use customer satisfaction scores as a proxy for customer ratings of frontline employees' work-related outcomes (Dixon *et al.*, 2010). In this context, we point to the occupational stereotypes that affect consumer ratings of frontline employees. In fact, our findings challenge the standard practices of the service industry. Several customer care professions typically experience a high turnover rate due to the lack of challenging work and insufficient recognition (Dixon, 2018). Different professions are associated with different levels of warmth and competence (He *et al.*, 2019; Imhoff *et al.*, 2018), which influences

consumers' trusting beliefs about frontline employees. This has implications for frontline employee reward systems based on consumer satisfaction (Dixon, 2018). Such reward systems should take into account the differences in the assessment of frontline employees that result from occupational stereotypes. Moreover, activities designed to present and/or reorganize the work of different service occupations could lead to a higher assessment of occupational warmth and competence on the one hand and a lower staff turnover rate on the other.

Limitations and future research

This study is not without limitations that could serve as avenues for future research. First, we conceptualized two types of stereotypes, although other types of stereotypes might be relevant to evaluations of both frontline employees (e.g. age, gender and race) and company or management practices and policies (e.g. global/local, country of origin and for-profit/non-profit service providers). It would be useful if future studies simultaneously examined the effects of additional stereotypes. As our research did not include the measurement of consumers' overall satisfaction, it is not possible to state how the results would change if we used a measure of overall satisfaction, rather than of encounter-specific satisfaction, in our model. Nevertheless, we believe that our decision to employ encounter-specific satisfaction instead of cumulative satisfaction does not diminish our ability to address our main research question (i.e. why satisfaction levels have been increasing, while trust and loyalty levels have been decreasing). In fact, there is substantial evidence to suggest that consumers' cumulative satisfaction is largely determined by their satisfaction with the most recent service encounter, that is, encounter-specific satisfaction (Keiningham et al., 2014; Pizzi et al., 2015).

The second limitation is related to the cross-sectional study design, which can provide only tentative support for the hypothesized causal effects (Bagozzi and Yi, 2012). Thus, future studies should consider experimental designs, which would allow for the group membership of both frontline employees and companies to be varied exogenously. Finally, we examined the relationships within a single culture. As there is some evidence to suggest that both satisfaction–trust relationships (Fatima et al., 2018) and stereotyping (Fiske, 2017) function differently across cultures, this offers a number of avenues for future research.

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