Antecedents and Consequences of Customer Loyalty: an Empirical Synthesis and Reexamination

Yue Pan, University of Dayton, USA
Tian Xie, Drexel University, USA

Despite the importance of customer loyalty, no comprehensive, empirical work has attempted to assess the general findings across academic studies. There are a number of factors that limit a comprehensive understanding of customer loyalty and prevent the generalization of research findings (e.g., lack of consensual loyalty measures, marked differences in both the direction and the magnitude of the study effects). The heterogeneous research findings make it problematic to communicate with the industrial world such as retailers, who constantly seek to build and maintain customer loyalty. The study intends to fill that void by conducting a meta-analysis of empirical findings on the predictors and outcomes of customer loyalty. It tests the robustness of previous findings across various research and measurement contexts. Implications to managers are also discussed.

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Frank Tian Xie, Drexel University, USA

EXTENDED ABSTRACT

Customer loyalty is a consumer’s commitment to a certain brand/service, and preference to buy it, given the choice of alternative brands/services. By creating and maintaining customer loyalty, a company develops a long-term, mutually beneficial relationship with the customers. Since customer loyalty is a company’s most enduring assets, corporate executives are interested in fundamental questions concerning the concept of customer loyalty, e.g., the driving forces of customer loyal behavior, and the impact of customer loyalty on the financial performance of firms. The practical and conceptual importance of this topic has been underscored by the substantial volume of studies published in leading academic journals. However, despite the importance of customer loyalty, no comprehensive work has been advanced to assess the general findings across academic studies. We seek to fill that void by conducting a meta-analysis of empirical findings on the predictors and outcomes of customer loyalty. The purpose of the study is three-fold. First, we seek to reconcile the inconsistent findings and establish the generalizability of the relationships between customer loyalty and its important correlates. Second, built upon the findings of this meta-analysis, we present some important predictor and criterion variables from a traditional retailing perspective. Third, research on customer loyalty has been conducted in various methodological contexts, yet no attempt has been made to evaluate the robustness of effects across study conditions. Here, we attempt to explain differences in the results of previous studies by investigating a number of study characteristics (e.g., loyalty toward tangible vs. intangible products, attitudinal vs. behavioral loyalty measures, single vs. multiple scales) that could moderate the study effects.

In this study, we integrate findings from prior research and model the antecedents and consequences of loyalty as expressed by indicators of repurchase behavior and/or intention. Our theoretical framework categorizes two types of antecedents to customer loyalty—customer- (e.g., customer satisfaction, trust, psychological commitment) and product-related factors (e.g., perceived value, product/service quality, switching costs, brand reputation, perceived fairness). We also assess the effect of customer loyalty on one performance outcome variable—market share. Further, as we believe intangibility of products and loyalty measurement types are crucial in moderating the relationships between loyalty and its correlates, we examine the effect sizes of these moderators.

Based on integrated results from 70 individual studies, our study suggests that affective loyalty (e.g., the extent to which a customer prefers a brand or how consistently favorable her attitude towards the brand is) often proves to be a plausible predictor of behavioral loyalty (e.g., a customer’s repeat purchase behavior or repurchase intention). The distinction between behavioral and attitudinal loyalty measurement does not lead to any significant difference in six of the seven relationships examined (i.e., customer satisfaction→loyalty, commitment→loyalty, perceived value→loyalty, product/service quality→loyalty, brand reputation→loyalty, loyalty→market share). However, it does affect the correlation between perceived fairness and loyalty. In particular, the use of attitudinal measures can noticeably deflate the effect size. In addition, our results detect consistently weaker effects from studies using single-item loyalty measures. Finally, we do not detect any strong moderating effect of loyalty type (i.e., intangibility of the product) on the studied relationships. The magnitude of customer loyalty does not seem to differ much, in the contexts of tangible products as opposed to intangible services.

Although the findings of this study support all the hypothesized relationships, they indicate stronger effect sizes for trust, perceived value, perceived fairness, and product/service quality than for switching costs, psychological commitment, brand reputation, and general customer satisfaction.

The proposed study has implications for retailing research and practice. By pinpointing the key variables that relate to consumer loyalty, the study investigates issues that are of great interest to retail managers. By testing a broad theoretical typology and a wide range of variables that pertain to loyalty, we gauge the current level of knowledge about consumer loyalty with a critical review of the empirical studies on this topic.