Customer Loyalty Attributes:
A Perspective

Alok Kumar Rai
Medha Srivastava[1]

Abstract

Many academicians have accepted the significance of loyalty in service industries (Bloemer et al., 1999; Caruana, 2002; Asuncion et al., 2004) and its potential impact on the development of sustainable competitive edge (Keaveney, 1995; Gremler and Brown, 1996) for the service firms. This may be attributed to the unique nature of services, increased dependency on technology and greater customer involvement in service delivery. A base of loyal customers can do wonder in terms of economic rewards and new business prospects as winning a new customer can cost as much as 6 times more than the cost of retaining an old one (Rosenberg and Czepiel, 1984) whereas profits can be increased from 25% to 125% if the potential migration is decreased by 5% depending upon the particular industry (Reichheld and Sasser, 1990). Customer loyalty clearly brings in significant benefits to the business and calls for a deeper investigation into the factors that act as its originator and contribute in its enhancement since, as mentioned by Johnson, Herrmann, and Huber (2006), the antecedents of customer loyalty are convoluted and dynamic, changing and evolving over time.

The purpose of this paper is to discuss customer loyalty and its significance in the modern business arena through a comprehensive survey of literature. Further, it seeks to explore various factors that serve as antecedents to customer loyalty development. In other words, investigating the customers' checklist that they refer before deciding to sustain and develop their relationship with the company and its offerings is the key issue that this paper aims to address. The study intends to provide a framework for development of a scale for assessing customer loyalty and identifying what a particular class of loyalty would result into in terms of its contribution to the organization. The above identified framework would prove to be of great significance for service organizations in appraising different loyalty programs and also in segmenting customers depending upon organizational requirements.

Keywords: Customer Loyalty, Service Quality, Customer Satisfaction, Attitudinal Loyalty, Behavioural Loyalty

[1]Medha Srivastava is the corresponding author.
She can be reached at srivastava.medha@gmail.com

Introduction:

Globalized markets and borderless flow of information have resulted in intense competitive pressures and increased customer expectations. Productivity, quality, customer satisfaction are the buzz-words in today's business scenario that demand considerable efforts on the part of the company. Further, to attain the basic business goals of survival and growth, businesses are looking for ways to attract and retain customers in the long run. It is established now that every business needs to understand and meet customers' expectations in order to strive and thrive in the market. Customers have become the focal point of almost all the businesses now and thus, deserve all the attention and importance. However, due to heightened expectations, escalated competition and rapid ingress of new business concepts and formats, companies are finding it increasingly difficult to retain their customers along with managing to be profitable. Instability of the economic environment in recent times has also contributed to the loyalty issues in businesses.

In order to develop and sustain loyalty among the customers, it is important to find out what drives loyalty in a particular market. The factors which lead to loyalty need to be uncovered and understood before designing and implementing the strategies for customer retention and loyalty. Literature proposes relationships between customer loyalty and various other business constructs such as quality, satisfaction, trust and so on. These relationships need to be investigated and understanding the effect of these constructs on loyalty will surely provide an insight into customer loyalty formation.

Review Of Literature:

Services have been widely researched and analyzed for their unique characteristics and intensive customer orientation. Some of the major concepts that have been studied to explore the true nature of services are Service Quality (Parasuraman, Zeithaml & Berry, 1985; Gronroos, 1988; Cronin & Taylor, 1992; O.Neill, 1992; Oliver, 1997), Satisfaction (Oliver, 1993 & 1997; Wirtz & Bateson, 1999; Zeithaml & Bitner, 2000), Loyalty (Dick & Basu, 1994; Oliver, 1997; Bowen & Shoemaker, 1998; Reichheld & Sasser, 1990; Heskett, Sasser & Schlesinger, 1994; McMullan & Gilmore, 2003; McMullan, 2005) and Complaint Management Systems (Boshoff, 1997 & 1999; Mattila, 2001; Boshoff & Staude, 2003; Craighead, Karwan, & Miller, 2004; Mattila & Patterson, 2004). Role of customer loyalty gains more prominence when applied in the context of services due to the higher human involvement in comparison to goods. Such people intrinsic character of services along with its intangible and perishable nature, enhance the scope for error at the time of service delivery and amplify the role and significance of human relationships in business transactions. Also, heightened competition has resulted in fewer possibilities for differentiation. To tackle the competitive pressures and gain an edge in the market, companies are now looking forward to leverage upon the intangible nature of services and the significant human interface involved there. Customer loyalty has been included in the strategic objectives of many companies due to the competitive strength it offers.

Dwyer et al. (1987); Morgan and Hunt (1994) noted that the interest in customer relationships mounted first in business to business relationships and later extended to business to customer relationships as stated by Sheth and Pravatiyar (1995) and

Sirdeshmukh et al. (2002). Ball et al. (2003) opined that customer loyalty needs to be incorporated as an essential construct in the theory and practice of relationships in marketing and its antecedents should also be included for a better understanding.

Bharatwaj et al. (1993) mentioned that the organizations should start taking customer loyalty as a source of competitive advantage. Reichheld and Sasser (1990), Sheth and Parvatiyar (1995) opined that customer relationship management has got the concepts of customer loyalty and business performance fore-grounded in its framework. As put by Oliver (1999), Reichheld (2001), customer loyalty has been drawing attention from both the business and academic worlds. Majumdar (2005) stated that "Customer loyalty is a complex, multidimensional concept".

Thus, it becomes imperative to explore the conceptual domain of customer loyalty as offered by the literature for a precise idea of its concept, classification and antecedents in order to develop a sound pedestal for further research.

Customer Loyalty - A Conceptual Framework:

Day (1969) opined that in its most initial stage of conception, customer loyalty was perceived as the combination of repeat purchases from one service provider or brand coupled with the customers' psychological attachment toward the provider. Newman and Werbel (1973) defined it as a characteristic of those who repurchased a brand, considering only that brand, without seeking any information related to it. However, Oliver (1997) suggested that lack of information should not be seen as a factor leading to loyalty as true loyalty exists when the customer, despite being aware of the competitor's offer, "fervently desires to rebuy a product or service; will have no other, against all odds and at all costs".

Oliver (1999) defined loyalty as "a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing..."

Jaishankar, Arnold and Kristy (2000) described loyalty as a product of repeat purchase, self stated retention, price insensitivity, resistance to counter persuasion, and recommendation to others. Dwyer, Schurr, and Oh (1987); Fornell (1992) found that willingness to spread positive word-of-mouth about a service provider and repeat purchasing behaviour are the most common indicators of customer loyalty. A number of studies have treated these two behaviours as loyalty indicators (Zeithaml et al. 1996; Sirdeshmukh et al. 2002). However, loyalty manifests itself in not only behavioural fashion but it also gets influenced by the attitudinal setup of mind.

Dick and Basu (1994) brought out the idea of relative attitudes while defining various forms of loyalty depicted below. They described loyalty as the strength of the relationship between a customer's relative attitude and repeat patronage and four dimensions had been identified: true loyalty, latent loyalty, spurious loyalty and no loyalty.

Figure 1(a) Categories of Loyalty

		Repeat Patronage	
		High	Low
Relative Attitude	High	True Loyalty	Latent Loyalty
	Low	Spurious Loyalty	No Loyalty

Dick & Basu (1994) Customer Loyalty: Toward an Integrated Conceptual Framework

Dick and Basu (1994); Pritchard et al. (1999); Mattila (2001) defined relative attitudes as the evaluation of the service characteristics comprising the strength of that evaluation and the attitudinal differentiation which refers to the level of differentiation from substitutes.

Oliver, (1999); Knox and Walker (2001); Tsaur et al., (2002) made efforts to dig out greater knowledge and understanding in relation to the process of developing customer loyalty. Palmer et al. (2000); Knox and Walker (2001); Rowley (2005) proposed that the development of customer loyalty involves different stages and the customers who are at different stages require differentiated strategies.

Customer loyalty development had been categorized into four sequential phases by Oliver (1999):

Figure 1(b) Phases of Customer Loyalty Development

Cognitive loyalty	• The customer believes the product to be superior than others and thus, chooses it over others. • Information about the brand and its perceived benefits affect the buying decision.
Affective loyalty	• Reiterated confirmations of customers' expectations lead to affective form of loyalty where a particularly favourable attitude gets developed towards the brand.
Conative loyalty	• High involvement and motives fueled by strong buying intentions give way to the development of an intense form of loyalty i.e., conative loyalty.
Action loyalty	• Strong motivations that ultimately lead to actions directed by the 'need to remove' every possible problem that might hinder the loyalty driven decision of purchasing a specific brand.

Oliver (1999) Whence customer loyalty?

Oliver (1999) also suggested that action loyalty is perceived as a necessary result of engaging previous phases of loyalty and is accompanied by an additional desire to overcome obstacles that may prevent a customer from patronizing the service organization.

McMullan (2005) presented studies concerned with the classification of customer loyalty as follows:

Table 1(a). Key Classifications of Customer Loyalty

Author (s), year	Contribution
Jacoby and Chesnut (1978)	3-fold classification characterising approaches to measuring brand loyalty: - behaviour - psychological commitment - composite indices
Dick and Basu (1994)	Study concentrated on the relative attitude and potential moderators of the relative attitude to repeat-patronage based on social norms and situational factors. Relative attitude is the degree to which the consumer's evaluation of one alternative brand dominates over another. True loyalty only exists when repeat patronage coexists with high relative attitude. Classification including spurious, latent and sustainable categories of loyalty.
Christopher et al. (1993)	The Loyalty Ladder Examined the progress up or along the rungs from prospects, customers, clients, supporters and advocates Progression requires increased discussion between exchange parties, commitment and trust, which develops within a consumer's attitude based on their experiences including dialogue.
Baldinger and Ruben (1996)	A composite approach Investigated the predictive ability of behavioural and attitudinal data towards customer loyalty across five sectors.

Author (s), year	Contribution
Hallowell (1996)	Examined the links between profitability, customer satisfaction and customer loyalty.
O'Malley (1998)	Effectiveness of loyalty programmes.
Raju (1980)	Developed scale to measure loyalty within the Exploratory Tendencies in Consumer Behaviour Scales (ETCBS).
Beatty et al. (1988)	Developed scale to measure commitment, based on the assumption that commitment is similar to loyalty. This scale included items, which reflected ego involvement, purchase involvement and brand commitment.
Pritchard et al. (1999)	Conceptualised customer loyalty in a commitment-loyalty measure, termed Psychological Commitment Instrument (PCI).
Gremler and Brown (1999)	Extended the concept of customer loyalty to intangible goods with their definition of service loyalty. They recommended a 12-item measure; with a seven-point scale described at either end strongly agree to strongly disagree.
Oliver (1999)	Greater emphasis on the notion of situational influences. Developed four-phase model of customer loyalty development building on previous studies but uniquely adding the fourth action phase.
Jones et al. (2000)	Explored a further aspect of customer loyalty identified as "cognitive loyalty", which is seen as a higher order dimension involving the consumer's conscious decision-making process in the evaluation of alternative brands before a purchase is affected. One aspect of cognitive loyalty is switching/repurchase intentions, which moved the discussions beyond satisfaction, towards behavioural analysis for segmentation and prediction purposes.

Author (s), year	Contribution
Knox and Walker (2001)	Developed measure of customer loyalty.
	Empirical study of grocery brands.
	Found that brand commitment and brand support were necessary and sufficient conditions for customer loyalty to exist.
	Produced a classification-loyals, habituals, variety seekers and switchers.
	Provides guidance for mature rather than new or emerging brands.

McMullan (2005) A multiple-item scale for measuring customer loyalty development

Determinants Of Customer Loyalty:

Dick and Basu (1994); Oliver (1999) pointed out that over the years, researchers have recognized and studied many antecedents of customer loyalty to stores, companies, and brands. Terblanche and Boshoff (2006) said that it is imperative to understand the precursor drivers of loyalty in order to leverage the greatest benefits available from it. Johnson, Herrmann and Huber (2006) as well as many other practitioners and academicians in the field of customer loyalty ascertained that the factors leading to loyalty are complex and dynamic, changing and evolving over time. Taylor, Hunter and Longfellow (2006) noted a number of important gaps in the understanding of loyalty and other relationship marketing constructs.

Ball et al. (2004) mentioned that measuring customer loyalty and its determinants into different markets and countries may bring out significant variance in the explanation of loyalty. Brady et al. (2005) argued that despite various studies focusing on drivers of loyalty, scholars as well as practitioners are still lacking in the understanding of loyalty determinants and their relative importance.

The following section elaborates upon a number of service evaluation and relationship marketing variables which are considered to be the antecedents of customer loyalty in the extant literature and attempts to mark out their consequences in terms of loyalty specific behaviours:

1. Service Quality

Grönroos (1983) stated that service quality contains two components – technical quality ("what" is delivered) and functional quality ("how" is delivered). Parasuraman, Zeithaml, & Berry (1988) noted that early researches projected service quality as an attitude shaped on the basis of disparity between customers' expectations regarding a service to be received and perceptions of the service being received. Fogli (2006) defined service quality as "a global judgement or attitude relating to a particular service; the customer's overall impression of the relative inferiority or superiority of the organization and its services. Service quality is a cognitive judgement".

Anderson and Sullivan (1993), Parasuraman, Zeithaml, and Berry (1994), Anderson, Fornell and Lehmann (1994), Fornell et al. (1996), Athanassopoulos (2000) and Cronin, Brady, and Hult (2000) postulated that empirical researches have proposed service quality as one of the main antecedents of customer satisfaction which is also treated as a primary source of loyalty.

Zeithaml et al., (1996) and Zeithaml (2000) posited that a customer's behavioural intentions such as repeat purchase get affected with the perceived service quality. Anderson and Mittal (2000) claimed that a customer's decision to recommend a company's product through positive word-of-mouth depends upon the level of product quality. Ranaweera and Neely (2003) also confirmed that there exists a direct linear relationship between perceived service quality and customer retention. Simon, Seigyoung and Karen (2005) accepted the relationship between service quality and customer loyalty.

2. Customer Satisfaction

Mano and Oliver (1993) described satisfaction as a post consumption attitude or evaluative judgement which varies along with the hedonic continuum focused on the product. Rust and Oliver (1994) defined customer satisfaction or dissatisfaction as a "cognitive or affective reaction" that surfaces in the form of a response to a single or prolonged set of service encounters. Giese and Cote (2000) believed that there are three main components of consumer satisfaction namely cognitive, affective or conative (the type of response); the subject at which the response is directed; and the duration in between which evaluation is done. Besterfield (1994); Barsky (1995) and Kanji and Moura (2002) opined that customer satisfaction has been approached

differently, which makes it complex. According to Levesque and McDougall (1996), satisfaction is understood as an overall attitude that customers hold towards a service provider. Halstead et al. (1994) perceived customer satisfaction as an affective response evoked from a comparison of the product's performance with some pre-purchase standard during or after consumption.

Newman and Werbel (1973); Oliver and Linda (1981); LaBarbera and Mazursky (1983); Bearden and Teel (1983); Bitner (1990); Fornell (1992); Anderson and Fornell (1994); Dick and Basu (1994); Oliver (1996) contended that customer satisfaction has often been held responsible for customer loyalty during the past few years. Cronin and Taylor (1992); Cronin, Brady, and Hult (2000); McDougall and Levesque (2000); Chiou, Droge, and Hanvanich (2002) argued that literature provides empirical evidences of satisfaction influencing customer loyalty which is referred to as continuously positive buying behaviour of a customer towards a certain company or brand.

Oliver and Linda (1981); Cronin and Taylor (1992); Fornell (1992); Oliver et al. (1992); Reichheld (1993); Anderson and Fornell (1994) found that satisfaction is the most significant factor leading to customer loyalty. Abdullah et al. (2000) reviewed previous studies and found that they also indicate that customer satisfaction can affect customer loyalty and future purchase intentions.

Coyne (1989) established that loyalty and customer satisfaction share a weak relationship when customer satisfaction is low, moderate when customer satisfaction is intermediate and strong when customer satisfaction is high. Fornell (1992) pointed that high customer satisfaction will lead to

improved loyalty for the firm and it will also decrease customers' sensitivity towards competitive offers. Jones and Sasser (1995) also supported him stating that customers enjoying higher position on the satisfaction scale are more likely to be loyal with an increase in customer satisfaction which reflects the strong impact of satisfaction on loyalty. However, Jones & Sasser (1995) found that the satisfaction - loyalty relationship is neither simple nor linear and defection may take place among satisfied customers also.

3. Trust

Moorman et al., (1993) defined trust as ''a willingness to rely on an exchange partner in whom one has confidence ''. Morgan and Hunt (1994) found that trust exists "when one party has confidence in an exchange partner's reliability and integrity". Reichheld and Sasser (1990) opined that to achieve customer satisfaction and retention and consequently, long term business profitability, it's important to fulfil the promises.

Geyskens et al. (1996); Rousseau et al. (1998); Singh & Sirdeshmukh (2000) indicated that trust has been given great importance for building and maintaining long term relationships in business. Moorman et al., (1993); Morgan and Hunt, (1994); Sharma (2003) accepted trust as a significant variable for achieving relationship commitment and customer loyalty and it is a critical factor for relationships both logically and experientially. Geyskens et al. (1996); Doney and Cannon (1997); Rousseau et al. (1998); Singh and Sirdeshmukh (2000); Papadopoulou et al. (2001) confirmed that trust is needed to build long-term customer relationship in a volatile business environment. Gremler and Brown (1996) and Reichheld et al.

(2000) perceived trust as a conceptual and important antecedent of customer loyalty. Working on similar lines, Garbarino and Johnson (1999) also identified trust as a driver of customer behavioural intentions that might lead to customer loyalty and found that trust and commitment are key antecedents to loyalty for customers who value relationships.

Bearden and Teel (1983); Cronin and Taylor (1992); Oliver et al. (1997); Selnes (1998) found a direct link between trust and loyalty whereas Doney and Cannon (1997) perceived trust as the principal antecedent of repurchase intentions. Lim et al. (1997); Garbarino and Johnson (1999); Chaudhuri and Holbrook (2001); Singh and Sirdeshmukh (2000) and Sirdeshmukh et al. (2002) found trust to be an important factor for loyalty building. Foster and Cadogan (2000) showed that in a company, trust works as an antecedent to attitudinal loyalty. According to Pavlou (2003) trust is a prerequisite for patronage behaviour. Ranaweera and Prabhu (2003) stated that trust is likely to result in customer retention when it comes to maintaining long term relationships between service provider and customer.

4. Commitment

Dwyer et al. (1987) defined commitment in service provider-customer relationships as "an implicit or explicit pledge of relational continuity between exchange partners". Moorman et al. (1992) described commitment as an enduring desire for preserving a valued relationship.

Jacoby and Kyner (1973) suggested that commitment is an important tool to differentiate loyalty from repeat purchase behaviour. Dwyer et al. (1987); Morgan and Hunt (1994); Gundlach et al.

(1995) proposed that commitment is an essential determinant of the strength of a marketing relationship as well as a useful construct for assessing the possibility of customer loyalty and forecasting future purchase frequency. Garbarino and Johnson's (1999) research proposed that for customers who share a strong relationship with an organization, trust and commitment were the mediators between attitudes and future intentions.

5. Switching Cost

Jackson (1985) posited that switching cost is the sum of economic, psychological and physical costs. Gremler and Brown (1996) defined switching cost as the time, money and effort invested by the customer which makes it difficult to switch. Porter (1998) defined switching cost as the cost a customer incurs in the process of changing service providers. As put by Hellier, Rickard, Carr, and Geursen (2003), switching cost refers to the customer's assessment of the personal loss or sacrifice in terms of time, effort and money associated with shifting to another service provider.

Klemperer (1987) suggested that switching cost can inspire brand loyalty among customers surrounded with a number of functionally identical brands. Fornell (1992) found switching cost to be an important factor among others that influence the relationship of customer satisfaction and customer loyalty. Hauser et al. (1994) analyzed the relationship between switching cost and satisfaction level i.e., an increase in switching cost leads to a decrease in satisfaction, thereby exercising a moderator impact on customer loyalty. Andreassen and Lindestad (1998) in their research found that customers may turn loyal if faced with high switching barriers or lack of real substitutes. Eber (1999); Jones et al. (2002); Bloemer et al.

(1998); Burnham et al. (2003); Feick et al. (2001) posited that switching cost affects the customer's responses to price level which in turn, influences customer loyalty. Jones et al., (2000) argued that switching cost operates as an antecedent of loyalty in both business-to-business and business-to-consumer transactions.

6. Corporate Image

Kunkel and Berry (1968); Doyle and Fenwick (1974); James et al. (1976) reviewed several conceptualisations of image that have been proposed in the past. Barich and Kotler (1991) proposed that corporate image is the overall impression of a company on the minds of the public. Nguyen and Leblanc (2001) found corporate image to be related with a company's physical and behavioural aspects such as business identity, infrastructure, product/service lines, and employees' quality of interaction during service encounter.

Lindestad and Andreassen (1997) perceived corporate image as an extrinsic information cue that may or may not influence customer loyalty and it applies for both existing and new set of customers. Yet, Andreassen (1999) posited that corporate image does affect customer loyalty in a positive manner. Rowley and Dawes (1999) revealed that brand or corporate image and customers' expectations regarding the nature and quality of services influence customer loyalty. Ball, Coelho, and Macha (2003) suggested that customers may turn loyal towards a company or brand due to the fact that it is perceived in positive light among other customers. Kandampully and Hu (2007) established that corporate image bears a direct effect on and customer loyalty and the two are positively related. Wang (2010) suggested that

customers may act loyal to a company or brand due to the positive image it enjoys among other customers and this holds true especially in the context of credence goods which may also help in controlling the switching behaviour.

According to Reynolds et al. (1974-1975) it is found that customers' overall assessment of corporate image is deemed to influence customer loyalty. Fishbein and Ajzen (1975) argue that attitudes and behavioural intentions have a functional relationship, which predict behaviour. Consequently, corporate image is considered as an attitude that must affect behavioural intentions such as customer loyalty (Johnson et al., 2001). Nguyen and Leblanc (2001) demonstrate that in three business sectors (telecommunication, retailing and education), corporate image and customer loyalty are positively related.

7. Service Recovery

Boshoff (1997) stated that "Mistakes are an unavoidable feature of all human endeavour and thus also of service delivery." Duffy et al. (2006) defined service failure as the real or perceived service breakdown either in terms of outcome or process.

Gronroos (1988) suggested that the response a service provider emits in the event of service failure is known as service recovery. Zemke and Bell (1990) defined service recovery as a "thought-out, planned process for returning aggrieved customers to a state of satisfaction with the firm after a service or product has failed to live up to expectations."

Johnston (2005) found that literature related to traditional services presents substantial work regarding the impact of service failure and recovery on customer loyalty. It brought out four major findings:

- Zeithaml et al. (1996); Roos (1999); Hays and Hill (1999); McCollough et al. (2000) opined that loyalty intentions get negatively affected with service failures and failures work as a prominent driving force for switching behaviour.
- According to Colgate and Norris (2001) service failures leads to the disconfirmation of expectations from service resulting in the negative effects on different types of loyalty, word-of-mouth and customer retention.
- Spreng (1995); Zeithaml et al. (1996); Tax and Brown (1998); Miller et al. (2000) contended that satisfaction with service recovery not only resolves the problem but also increases customer loyalty.
- McCollough et al. (2000) found that initial service failures negatively affect loyalty whereas recovery actions mitigate these effects.

Miller, Craighead, & Karwan (2000); Smith & Bolton (2002) reviewed service recovery literature and found that it gives evidence of customer satisfaction and loyalty getting affected with resolution of the customer's problems. Swanson and Kelley (2001) affirmed that customers' perception of a firm consistently implementing service recovery when failures occur affect their behavioural intentions favourably. Robbins and Miller (2004) agreed that customer loyalty gets influenced with effectively managed service recovery.

Hart, Heskett, and Sasser (1990) stated that "a good recovery can turn angry, frustrated customers into loyal ones. It can, in fact, create more goodwill than if things had gone smoothly in the first place". They

further argued that recovery encounters should be seen as an opportunity to achieve greater customer retention for service providers. McCollough, Berry, and Yadav (2000) proposed that since service failures play an important role behind customers' switching intentions, a proper understanding of service recovery may result in customer retention which, in turn, will affect the profitability of the firm.

8. Emotions

Izard (1977) found emotions to be primary motivators of behaviour. Westbrook (1987) discovered that the customers' experiences generated emotions and concluded that emotions have a direct relationship with post-purchase behaviour, such as re-purchase intentions. Allen et al. (1992) demonstrated that predicting purchasing behaviour could be less cumbersome with the understanding of "emotive experiences". Stauss and Neuhaus (1997) showed a significant relationship between emotions and loyalty. Studies conducted by Liljander and Strandvik (1997); Bagozzi et al. (1999); Yi-Ting and Dean (2001) also proved that emotions and behaviour share a link.

9. Communication

Anderson and Norus (1990) presented a new idea of communication that is an interactive dialogue between the company and its customers, which takes place during pre-selling, consuming and part-consuming stages. Ndubiri and Chan (2005) opined that communication is responsible for building awareness in the early stage, developing customer preference, convincing and encouraging the customers to make the decision to purchase.

Based upon the literature reviewed above, the following table is constructed for presenting the significant determinants responsible for the configuration of customer loyalty and their respective impact:

Table 1(b) Determinants of Customer Loyalty and their impact on loyalty

S. No.	Determinant	Contributing Author (s)	Consequential Behaviour
1	Service Quality	• Anderson and Sullivan (1993); Parasuraman, Zeithaml, and Berry (1994); Anderson, Fornell and Lehmann (1994); Fornell et al. (1996); Athanassopoulos (2000); Cronin, Brady, and Hult (2000) • Zeithaml et al., (1996), (2000) • Anderson and Mittal (2000)	• Customer satisfaction (confirmation of expectations) • Positive behavioural intentions (Repurchase, recommendation, etc.) • Positive word of mouth
2	Customer satisfaction	• Cronin and Taylor (1992); McAlexander et al. (1994) • Liang and Wang (2007) • Fornell (1992) • Barsky (1992)	• Future Purchase Intentions (Repeat purchases) • Customers' active participation in terms of buying additional services and spreading favourable word-of-mouth communication • Decrease in customers' sensitivity towards competitive offers • Increased market share from repeat business and referrals
3	Trust	• Doney and Cannon (1997) • Bendapudi and Berry (1997) • Morgan and Hunt (1994) • Ranaweera and Prabhu (2003)	• Repurchase intentions • Reduction in the cost of negotiations and removal of the customer's fear of opportunistic behaviour by the service provider • Formation of highly valued exchange relationships • Maintenance of long term relationships
4	Commitment	• Beatty et al. (1998); Morgan & Hunt (1994) • Pritchard, Havitz and Howard (1999)	• Liking and emotional attachment to the firm • Resistance to switching behaviour

S. No.	Determinant	Contributing Author (s)	Consequential Behaviour
5	Switching cost	• Kon (2004) • Fornell (1992) • Aydin & Ozer (2005)	• Repeat purchase behaviour • Impact on customer satisfaction • Dissuade customers' attraction towards competitive brands
6	Corporate image	• Sirgy (1982), (1985); Zinkham & Hong (1991) • Tepeci (1999) • Nguyen and Leblanc (2001)	• Image congruence • Reinforcement of self-image • Repeat patronage
7	Service recovery	• Swanson and Kelley (2001) • McCollough, Berry, and Yadav (2000)	• Affecting favourable behavioural intentions • Impact on switching intentions

8	Emotions	• Westbrook (1987); Allen et al. (1992); Laverie, Kleine, & Kleine (1993); Mano & Oliver, (1993)
		• Westbrook (1987); Mano & Oliver (1993)
			• Impact on post-purchase behaviour such as
			  - repeat visit,
			  - recommendation and
			  - repurchase intentions
			• Influence the post consumption satisfaction judgement

9	Communication	• Ndubisi and Chan (2005)	• Responsible for
			  - building awareness in the early stage,
			  - developing customer preference, convincing and
			  - encouraging the customers to make the decision to buy

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The above presented literature clearly states that customer loyalty formation is dependent on the variables mentioned in the above table. Customer loyalty, thus formed can be assessed through the following functional relationship:

$CL = f(SQ, CS, T, C, CI, SC, SR, E, Cm)$

$= A + w_1(SQ) + w_2(CS) + w_3(T) + w_4(C) + w_5(CI) + w_6(SC) + w_7(SR) + w_8(E) + w_9(Cm)$

Where, A is a constant. $w_1, w_2, w_3 \dots w_9$ represent the relative weights of the factors contributing in formation of customer loyalty as literature suggests that each of the determinants exerts a different level of influence over development of loyalty.

CL = Customer Loyalty, SQ = Service Quality, CS = Customer Satisfaction, T = Trust, C = Commitment,

CI = Corporate Image, SC = Switching Cost, SR = Service Recovery, E = Emotions, Cm = Communication

The relationship depicted above can act as a base for construction of a loyalty measurement scale. It would be interesting to test the relationship between customer loyalty and its antecedents across different industries and cultural contexts. Unearthing the relative weights of these antecedents in the process of customer loyalty formation can lead to significant revelation for the loyalty strategists as they can focus on the factors in the order of their relative importance and bring out an effective loyalty program for their firm. Further, the relationship among various antecedents of customer loyalty and their moderating impact on each other also need to be tested for a more lucid understanding of their respective roles in customer loyalty formation.

Outcomes of Customer Loyalty:

Loyalty is principally valued for its outcomes since it's the outcome behaviours of loyal customers that exercise a huge impact over the revenues and growth of a firm. The literature provides a multitude of behavioural, attitudinal and cognitive outcomes of customer loyalty some of which are widely recognized and accepted whereas others demand further probing for clarity.

The manifestations of loyalty among customers are generally pinned down through their actions or their attitude towards the company or a particular product/ service. However, recent literature suggests that another outcome of loyalty is the customer preferring a particular service provider to others based upon the conscious evaluation of brand attributes.

Jones and Taylor (2007) affirmed that advanced literature has proposed loyalty to be a three dimensional construct as the resultant outcomes of loyalty can broadly be classified into behavioural, attitudinal and cognitive loyalty. The following section enlists these outcomes of customer loyalty as identified through extensive survey of literature:

1. Behavioural Loyalty

Jones and Taylor (2007) noticed that the behavioural outcomes including repeat buying intentions or customers' chain buying behaviour has been the focus of initial researches in the area of service loyalty. Reichheld (1994) asserted that the reason behind most of the customer loyalty researches considering customer retention as a proxy for loyalty is that retention can be calculated and a precise net present value can be obtained. Behavioural outcomes of loyalty include:

i)   Repurchasing from the same service provider (Zeithaml et al., 1996; Jones et al., 2000),

ii) Lower switching intentions (Bansal and Taylor, 1999; Dabholkar and Walls, 1999), and

iii) Making all purchases in a particular category from a single service provider (Reynolds and Beatty, 1999; Reynolds and Arnold, 2000).

2. Attitudinal Loyalty

Dick and Basu (1994); Pritchard et al. (1999) found that loyalty can be seen not only in its behavioural manifestations but in the attitudinal dispositions towards a service provider. Jones and Taylor (2007) argued that relative attitude (an emotions based assessment of the brand) has mostly been put across as following:

i)   Recommending the service provider to others (Butcher et al., 2001; Javalgi and Moberg, 1997),

ii) Strong preference to the service provider (Mitra and Lynch, 1995),

iii) Feeling a sense of affiliation with the product, service, or organization (Fournier, 1998), and

iv) Altruistic behaviour which includes helping the service provider or other customers for better service delivery (Patterson and Ward, 2000; Price et al., 1995).

3. Cognitive Loyalty

Bloemer et al. (1999); de Ruyter et al. (1998); Oliver (1999) confirmed cognitive loyalty as another form of loyalty. Lee and Cunningham (2001) described cognitive loyalty as a conscious assessment of a brand and its attributes or a conscious assessment of the advantages and incentives of repurchasing which as suggested by Dwyer et al. (1987), makes customers deem a particular service provider to be superior to others. Jones and Taylor (2007) reviewed that loyalty based upon the cognitive judgement of the customers is expressed in the following ways:

i) Occupying a prominent space in the mind of the customer (Dwyer et al., 1987),

ii) Being the first preference of the customer (Ostrowski et al., 1993),

iii) Lesser sensitivity towards price fluctuation (Anderson, 1996; de Ruyter et al., 1998),

iv) Considering a service provider exclusively for a particular service (Gremler and Brown, 1996), and

v) Identifying a service provider as an extension of one's self and accepting this by using terms such as "my service provider", or by including oneself with the service provider and referring collectively with "us" and "we". (Butcher et al., 2001).

Above mentioned literature substantiates the distinct forms that outcomes of customer loyalty can take. The functional relationships between customer loyalty and its outcomes are as follows:

$$CL_o = f(BO, AO, CO)$$
$$= P + p_1 BO + p_2 AO + p_3 CO$$
$$CL_b = f(RI, SI, EI)$$
$$= A + a_1 RI + a_2 SI + a_3 EI$$
$$CL_a = f(RA, WR, A)$$
$$= B + b_1 RA + b_2 WR + b_3 A$$
$$CL_c = f(WP, EC, I)$$
$$= C + c_1 WP + c_2 EC + c_3 I$$

Where, P, A, B and C represent the constant values whereas $p_{1...}$ p_3, $a_{1...}$ a_3, $b_{1...}$ b_3 and $c_{1...}$ c_3 are the relative weights of variables accompanying them.

CL_o = Overall Customer Loyalty, BO = Behavioural Outcomes, AO = Attitudinal Outcomes, CO = Cognitive Outcomes
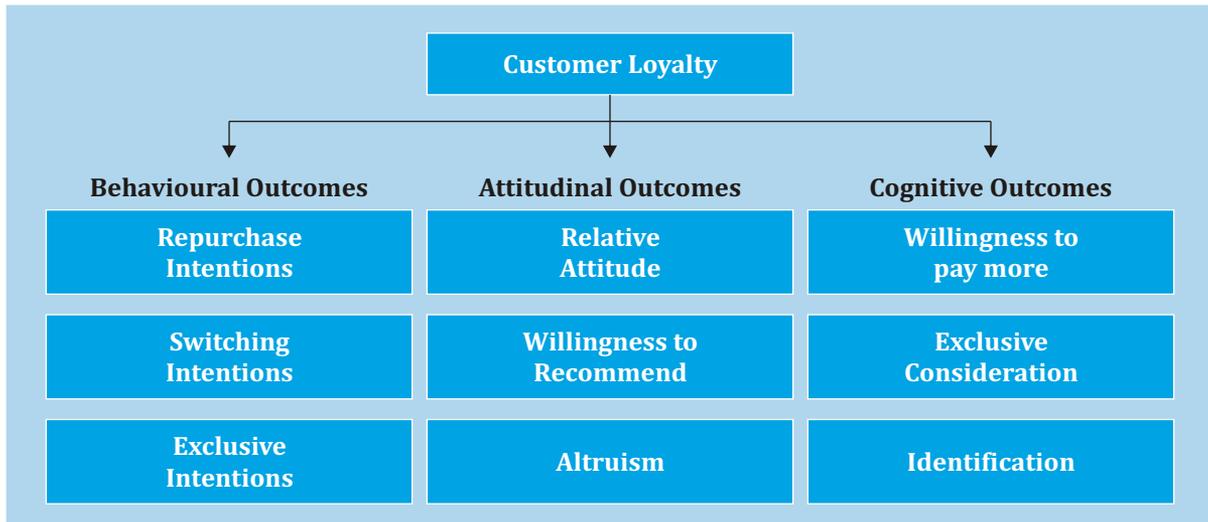
CL_b = Behavioural Loyalty, RI = Repurchase Intentions, SI = Switching Intentions, EI = Exclusive Intentions

CL_a = Attitudinal Loyalty, RA = Relative Attitude, WR = Willingness to Recommend, A = Altruism

CL_c = Cognitive Loyalty, WP = Willingness to pay more, EC = Exclusive Consideration, I = Identification

The above illustrated relationships between customer loyalty and its outcomes hold significance for the marketers intending to design fruitful loyalty programs. With an understanding of the various sets of outcomes of customer loyalty, marketers can effectively segment their customers based upon the type of loyalty they exhibit and thereby, design effective loyalty programs to enrich and reinforce the existing loyalty.

Figure 1(c) Outcomes of Customer Loyalty

Customer Loyalty		
Behavioural Outcomes	**Attitudinal Outcomes**	**Cognitive Outcomes**
Repurchase Intentions	Relative Attitude	Willingness to pay more
Switching Intentions	Willingness to Recommend	Exclusive Consideration
Exclusive Intentions	Altruism	Identification

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Discussion:

Customer loyalty has emerged as an effective means of business growth. Loyalty experts such as Rosenberg et al. (1984) have proposed that it is cheaper to retain a customer than acquire a new one as far as cost is concerned. Moreover, loyal customers tend to stay with the company for an elongated duration which results in higher buying frequency as well as larger volumes of purchases over a period of time saving advertising and other promotional costs that generally occur in case of attracting new customers. Companies with steady customer loyalty enjoy better financial results triggered from higher and more frequent purchases, shorter sales cycles, positive word-of-mouth and a strongly favourable attitude.

The factors leading to loyalty and their consequences in terms of loyalty behaviours are worth discussing as a clear understanding of these factors can lead to effective loyalty practices for they provide a concrete base for designing efficient loyalty programs. Moreover, awareness about the various manifestations or outcomes of customer loyalty can pave the way for customizing these loyalty programs and bring out tangible results in terms of cost efficiency, wide reach and increased profitability.

Service quality leads to customer satisfaction, positive word-of-mouth and favourable behavioural intentions. Customer satisfaction enhances the customer's desire to stick with the company in the long run and encourages repeat buying behaviour. It also results in cross selling opportunities and favourable word-of-mouth. Other antecedents such as trust and commitment work hand-in-hand when it comes to loyalty development and result in repurchase intentions, dedication towards the company and an emotional connect with it which increases the possibility of long term customer relationships. Commitment deals effectively with the switching intentions by fostering a resistance towards competitive offerings however attractive they may seem to be.

Switching cost is another important antecedent of loyalty that is directly related to the level of

satisfaction among the customers. Corporate image of a company affects the concept of image congruence and encourages repeat patronage.

Service failures can be managed but can't be stopped completely. Service recovery, though designed to tackle failure, can win customers back with greater level of satisfaction and trust. If managed appropriately, service recovery can lead to positive behavioural intentions and reduce the switching intentions. Emotions are an inseparable and powerful part of any customer experience. Positive handling of emotions results in favourable behaviours such as repeat visit, repurchase and recommendation. Communication is the most vital part of any relationship whether inter-personal or business. It helps in creating awareness and enables decision making in favour of the company.

Customer satisfaction and loyalty strongly influence the process of acquiring new customers. Positive word-of-mouth from the existing customers may increase the company's revenues greatly but negative feedback from the same customers may also ruin the profits and prospects for the company. A satisfied customer shares his consumption experience with 3 people on an average whereas, a dissatisfied customer does the same thing and the number of people may range anywhere from 8 to 16 on an average. The negative impact a dissatisfied customer may leave on existing as well as potential customers of the company is significant.

A customer can express his degree of loyalty towards a service provider by either displaying a positive attitude or indulging in favourable actions or making conscious evaluations and finding a particular service worth sticking to.

Behavioural loyalty is generally seen in the form of repurchase intentions, low level of inclination towards switching and exclusive intentions. On the other hand, attitudinal loyalty is based upon the strength of preference and willingness to recommend. Cognitive outcomes of loyalty are characterized by the customer's consideration of a service provider above others in the same category stemmed from his evaluation of the benefits associated with continued patronage.

Significance of the Study:

The above mentioned literature and findings call for the establishment of a research question pertaining to a comprehensive model for comprehension and elaboration of the assessment of customer loyalty and resultant behaviours.

The study intends to provide a framework for:
• Development of a scale for assessing customer loyalty.
• Identifying the impact of a particular class of loyalty in terms of its contribution to the organization.
• The above identified framework would prove to be of great significance for service organizations in appraising different loyalty programs and also in segmenting customers depending upon organizational requirements.

Implications

Survival and growth of a company in today's complex business environment characterized with ever-increasing competition and entry of new market forces demand a broad vision as well as strong strategies directed at customer relationship management. Companies need to understand and assess the potential of retaining customers in the long run and make customer centricity a focal point

of all business activities. Losing a customer not only results in decreased revenues but also acts as a warning for the company. While difficult economic conditions may pose challenges for the company, what matters is how the company deals with them; the company may either locate opportunities in these conditions or lapse in the turbulent waters. To strengthen its position in the market and achieve better growth rate, a company needs to foster trust among its target audience, offer products and services with significant differentiation and understand customers' expectations.

This study bears important implications for managers as it brings to light the antecedents as well as outcomes of customer loyalty. With heightened use of technology in service delivery, little scope for differentiation is left. A service firm's approach to customer relationship is what singles it out against competitors. Customer loyalty has become the new mantra for sustained growth and profitability. It is important to understand and communicate with the staff about the role customer loyalty can play in the long term interest of business. Service personnel should be educated and trained for comprehending and managing customers' expectations with the right attitude. Further, the antecedents of loyalty can serve as an effective base of brand building strategies. A careful analysis will reveal the factors a service firm lacks in terms of loyalty thereby enabling the managers to rectify the situation with appropriate loyalty building practices. Managers can develop loyalty programs specifically designed for different loyalty groups as per the loyalty outcomes and work upon enhancing the existing level of customer loyalty.

Scope for Future Studies

This study presents a universal set of factors leading to customer loyalty on the basis of an extensive survey of literature. Future research could focus upon identifying and testing the context specific antecedents of customer loyalty. Distinct markets and consumer groups with varying psychographic characteristics may display different loyalty attitudes and behaviours driven by various combinations of loyalty antecedents. It would be interesting to find out industry specific set of factors that determine loyalty.

Further, the antecedents and their relationships with customer loyalty need to be tested statistically in order to establish their validity. Different factors exert varying levels of influence over loyalty. Determining their weight in overall loyalty assessment would be a significant contribution in the body of customer loyalty literature.

Each of these antecedents shares a connection with others in the group. For example, customer satisfaction is often seen as a consequence of maintaining good product quality. Similarly, service recovery affects a customer's switching intentions to a considerable extent. Future research may test and establish the relationship between various antecedents of loyalty and their relative importance in the overall loyalty score of a company.

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Dr. Alok Kumar Rai is Associate Professor in the Faculty of Management Studies at Banaras Hindu University. Ms. Medha Srivastava is a research scholar in the same institution.