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A COMPARISON OF LOYALTY APPROACHES

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ABSTRACT

This study compares the statistical validity of a bi-dimensional and a multi-dimensional model of loyalty in a wine-retailing context. The results of this research indicate that that loyalty is best measured using seven dimensions of loyalty rather than the dominant bi-dimensional approach, which traditionally incorporates incorporating both attitudinal and behavioral loyalty.

INTRODUCTION

To date the issues of conceptualization and measurement have dominated the academic and popular loyalty literature. There is little consistency in the approach to the brand loyalty construct with some researchers combining attitudinal and behavioral measures into a single construct, others using either attitudinal or behavioral measures as a single construct or a few using both attitudinal and behavioral measures as two separate constructs.

The advocates of the bi-dimensional approach to loyalty have adopted the Jacoby (1971) definition of loyalty which includes a psychological predisposition to the object of loyalty combined with the behavioral outcome of repeat purchase. However this bi-dimensional approach is limited in that loyalty is much more than just attitudes that lead to repurchase behavior. This has led to a multidimensional model of loyalty that specifies not the psychological components of loyalty, but the nature of the consumers' loyalty. This leads to two research questions regarding the conceptualization and measurement of loyalty. What are the dimensions of loyalty? And, is a multi-dimensional approach a more appropriate measure of loyalty compared with a bi-dimensional approach? It is the purpose of this paper to address these questions.

Conceptual Background

Jacoby and Chestnut summarized a diverse range of loyalty measures (1978) in their book *Brand Loyalty: Measurement and Management*. Jacoby's review compiled more than fifty loyalty measures into three categories; attitudinal, behavioral and composite. However it wasn't until the late 1990s that researchers commenced building a multi-dimensional loyalty construct, in response to Jacoby's conceptual developments (see Bloemer et al. 1999; Narayandas 1999; Yu and Dean 2001; Zeithaml et al. 1996). Most notably, Zeithaml et al. (1996) proposed a five dimensional construct comprising of loyalty to company, propensity to switch, willingness to pay more; external response to problem and internal response to problem. This has been refined (Yu and Dean 2001) to four dimensions termed word of mouth, purchase intention, price sensitivity and complaining behavior.

There appears to be little consistency in the approach to the loyalty construct. This presents a non-uniform approach that does not provide a foundation for extending the loyalty concept beyond debate on definition and measurement, thus limiting the development of marketing theory in this field. The attitudinal loyalty measures in previous research consist of commitment, affect and intention to repurchase. The behavioral measures consist of share of category measures, which are concerned with purchase proportions and other purchasing measures, for example purchasing over time.

In addition to behavioral and attitudinal loyalty measures, this literature review has identified situational loyalty (Dubois 1999; Oliver 1999), resistance to competing offers or price sensitivity (de Ruyter 1997; Ganesh et al. 2000; Hozier 1985; Narayandas 1999; Odin et al. 2001; Walker and Knox 1997; Zeithaml et al. 1996), propensity to be loyal (Mellens et al. 1996), and finally complaining behaviors or dissatisfaction response (de Ruyter et al. 1998). It is interesting to note that these seven dimensions have not been included together in the same study. This paper seeks to compare the bi-dimensional with a multi-dimensional approach to loyalty measurement. It proposes that the multi-dimensional approach is a more appropriate way of conceptualizing and measuring loyalty. This leads to the two research hypotheses:

H1: The seven dimensions will be significantly associated with the construct of loyalty.
H2: The multi-dimensional model will yield a significantly better fit to the data than the bi-dimensional model.

METHOD

The sample consisted of 726 consumers (25% response rate) who were members of a wine club who had purchased wine from a retailer in the past twelve months.

The allegiance and preferential purchase dimensions involved respondents reporting their purchase behavior and were single-item measures. The attitudinal loyalty dimension involved the use of ten-point Likert-type scales while the remaining dimensions used seven-point Likert-type scales. The psychometric properties of items used for each of the seven loyalty dimensions were evaluated by confirmatory factor analysis before the creation of composite measure for each loyalty dimension. Competing models were estimated and a chi-square difference test was performed to examine hypothesis 2.

RESULTS

The statistics for the multiple dimensional model of loyalty were a GFI greater than 0.90 and a chi-square of 11.437 with 16 *df* thus indicating that the model fits the sample data (see figure 2). The statistics for the bi-dimensional model of loyalty were a GFI greater than 0.90 and a chi-square of 46.05, which indicates the model does not fit the sample data (see figure 1). The seven dimensions in the multi-dimensional loyalty model are all significantly associated with loyalty thus *H1: The seven dimensions will be significantly associated with the construct of loyalty*, is supported.

The results of the chi-square difference test was a chi-square difference of 34.613 with 0 degree of freedom, which suggests the multi-dimensional model of loyalty has significantly better fit to the sample data than the bi-dimensional model of loyalty. Thus supporting *H2: The multi-dimensional model will yield a significantly better fit to the data than the bi-dimensional model*.

CONCLUSIONS

Seven dimensions of loyalty were identified as being significantly associated with loyalty, in support of hypothesis one. The dimensions of loyalty are, thus, identified as allegiance, preference, attitudinal loyalty, network loyalty, word of mouth, and resistance to competing offers, situation loyalty, and propensity to be loyal. Furthermore, the multi-dimensional model was more representative of the data than the bi-dimensional model. Thus, hypothesis two, that the multi-dimensional model provides a more accurate measure of loyalty than the bi-dimensional model, was also supported.

This paper offers implications for theory and practice in a number of ways. Firstly, by providing singular definitions of the dimensions of loyalty, which can be clearly related to measurement (East et al. 2000). Secondly, the multidimensional approach presents the attitudinal and behavioral dimensions without referring to the relative importance. Of these dimensions as systematically occurred in the past.

The data used in this study are from a retailing context and, therefore, may not be applicable to other contexts. Further research is recommended to now test the multidimensional model across different contexts and consumer groups. An additional limitation is the cross-sectional nature of the data collection. As the survey is based on observation at one point in time for each of the dimensions, there can be no causality inferred between the dimensions. The causal links between the seven dimensions of loyalty specified in this model is an area for future research.

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