Developing a conceptual model of customer loyalty using meta-synthesis

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Abstract

The following research is the base for loyalty formation in current conditions where many profitable opportunities from enterprises have still remained unknown or not completely identified. Application and management of customer loyalty system is a powerful and important strategy for customer-orientation in any enterprise. Customer loyalty enables enterprises to achieve a higher efficiency using such strategy and provide more favorite services by spending less time and cost. The main goal of this study is to realize reasons of weak performance in the previous researches conducted on loyalty during the last three decades. Identification of basic and determinant factors in applicability of studies on loyalty is now accounted for a valuable research. The first step involves pathology of the earlier studies about loyalty. The present work has thus been done to identify the existing condition of previous studies using meta-synthesis qualitative method. Research tools are past deeds and documents in this field which include total number of 27 researches. Method of research is data analysis based on open code. The obtained results have shown that 28 identified loyalty codes can be categorized under 11 main factors. Finally, the required recommendations will be made accordingly.

Keywords: loyalty, meta-synthesis, customer satisfaction, relationship marketing.

Introduction and previous research

Business world of this century includes a close competition for suppliers of products/services on gaining greater market share and more customers. However, increased number of products/services suppliers means increased number of choices for the customers which can intensify the competition between these enterprises. Enterprises concentrate on creating stable and profitable relationships with their customers in current atmosphere of competitive and challenging world more than anything else. On the other hand, traditional marketing has always emphasized on acquiring new customers and increased sale. Although, this approach has changed and some new realities have been exposed to the marketers (Kamali *et al.*, 2009). A global tendency toward loyalty marketing has been created recently. Many companies in most industries adapt to study, assess and implement loyalty strategies as well as programs for development of powerful relationships with their customers (Banasiewicz, 2005).

Various reasons have been proposed for emphasis on loyalty. Reproduction and disintegration of different media has certainly made it rather difficult to find new customers and acquire them. This can persuade enterprises to try for customer retention more than before. Besides the problems of finding new customers via media, current customers are so busy that have much less time and interest to use and interpret all messages they receive. This is true for both consumer and industrial markets (Duffy, 1998).

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Customer loyalty towards the enterprise is an issue which is influenced by several factors and conditions inside and outside the enterprise. The efficacy of customer loyalty is different from one enterprise to another. Close identification of these factors and determination of efficacy for each of them can significantly contribute the managers for correct decision making. On the other hand, organizational resources are limited. Therefore the management must allocate these limited resources considering the effective factors on loyalty and importance of them each when designing programs of customer retention. In this regard, current work has used meta-synthesis method to compare, interpret, transform and combine different frameworks to realize this issue. In fact, meta-synthesis produces an interpretive combination of findings rather than a comprehensive summary of results. Meta-synthesis explores new and fundamental subjects and metaphors by providing a systematic approach for researchers through combining different qualitative research methods. The goal of current research can be expressed as: "Discovering the effective factors on loyalty in studies conducted during the last two decades".

Loyalty has been attended by numerous researchers for years with its theoretical basis being completed gradually. Previous studies have only concentrated on repeat buying behavior and have ignored the psychic factors (Han *et al.,* 2008). A special attention toward customer loyalty in relation with marketing is seen in studies of (Copeland, 1923). Then others like Day (1942) have also conducted extensive investigations on this topic. Some scholars defined loyalty as repeat buying and classified the loyalty accordingly. Afterwards, (Jacoby & Chestnut, 1978) tried to offer more comprehensive and deeper definition of loyalty. Loyalty was defined from their viewpoint as: repeat buying action of a particular brand by an individual in a systematically (not random) manner in which an informed evaluation process is employed (Jacoby & Kyner, 1973). Loyalty is a kind of strict commitment to purchase a preferred product/service again in future. It other words, it means to purchase a brand once more in spite of environmental effects and marketing actions of the competitors for changing this behavior (Taylor, 2004).Customer loyalty has conceptually 3 aspects of behavioral, attitudinal and combinatory. The behavioral dimension of loyalty emphasizes on the behavior of customer in repeat buying. The attitudinal aspect is the desirable and favorite tendency toward a service provider. Finally, the combinatory aspect of loyalty combines behavioral and attitudinal aspects of loyalty with each other (Zins, 2001).

A brief review on the literature reveals that several factors influence formation of customer loyalty out of which quality of services, satisfaction, motivation, organizational image and customer participation can be addressed (Yuksel, 2010). By studying researches implemented after 2004 it can be argued that some issues have been regarded more by the scholars with a vast variety of topics being allocated to them. Investigation on papers about banking, customer loyalty and particularly four-step loyalty program during this time indicates that some factors including commitment and trust have been emphasized more than before (Davis *et al.*, 2009; Han *et al.*, 2008; Ogba & Tan, 2009). Meanwhile, the importance of some issues such as organizational brand (brand image) and customer satisfaction is evident. Therefore, current work has selected variables of commitment, trust, organizational image, sentiments, relationship marketing, service encounter quality, ethics, and customer satisfaction as factors effective on the formation of loyalty. The following will explain each of them in detail.

Methodology

Recent advancements in different areas of science and experiencing information explosion by scientific society has convinced scholars that awareness and dominance on all aspects of a specific field and being updated in it is impossible to a large extent. Thus, implementing combinatory researches which provides the scholars with summary of studies launched on this special topic systematically and scientifically.

Meta-study is one method which has been recently introduced to study, combine and evaluate prior researches. Meta-study is a deep analysis on researches implemented in a special field. Although the technical term "meta-analysis" is often used in past years, it should be mentioned that meta-study is different from meta-analysis, meta-synthesis, meta-theory and meta-method. Meta-study covers all these concepts. However, meta-analysis is commonly used in recent years as a kind of quantitative meta-study which is only done on the results of previous researches. This meta-study will be recognized as meta-synthesis if it is implemented qualita-

tively on the concepts used. This concept is known as meta-method once concentrated only on methodology of earlier works and is called meta-theory when applied only in the field of models and frameworks of previous studies (Patterson, 2001). Meta-study is comprised of three phases, namely meta-analysis (analysis on the contents of initial studies), meta-method (analysis on the methodology of initial studies), and meta-theory (analysis on the theory of initial studies) (Bench & Day, 2010).
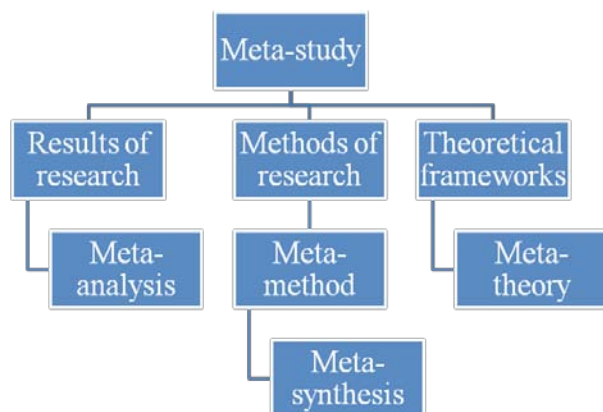

Figure 1. Components of a meta-study (Bench & Day, 2010).

Meta-analysis

Meta-analysis means analyzing results, discussions and conclusions of the initial studies (Bench & Day, 2010). Indeed, this phase tries to identify the strategy of data analysis, data classification, and results discussion and interpretation in relation with questions of the research under study.

Meta-method

Meta-method investigates appropriateness and accuracy of the research methods in the initial studies. This phase includes analysis of attitude, sampling techniques, writing hypotheses, variable, sampling population, samples and any other thing associated to methodology (Bench & Day, 2010).

Meta-theory

Meta-theory adopts to analyze theoretic propensities, hypotheses and theories created in the initial studies. This phase involves investigation on: (a) paradigms or ideas used in theoretical studies and frameworks which influence selection of research questions, data acquisition and data in-

terpretation; (b) theoretic defaults provided and investigation on how the report text has influenced the theoretical claim made; and (c) historical trend of studies and how they evolved during time; (d) analysis on political, social and cultural content of the studies made; and (e) quality evaluation of the theory proposed (Bench & Day, 2010).

Meta-synthesis

Generally speaking, qualitative meta-synthesis is a kind of qualitative study which uses information and results extracted from other qualitative studies with a related and similar subject. As a result, the sample dedicated to meta-synthesis is built from selected personal qualitative studies based on their relation with research question. Meta-synthesis is a combination of original data interpretations from original authors of original and selected studies. Three general objectives are introduced for meta-synthesis: construction of theory, explanation of theory and conceptual development (Zimmer, 2006). In order to realize these objectives, the seven-step method of (Sandelowski & Barros, 2007) has been utilized which is depicted in Figure 2.
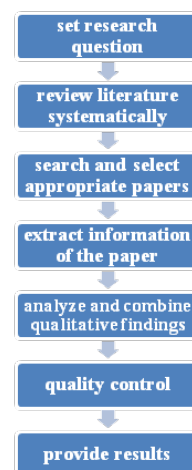

Figure 2. Steps of meta-synthesis.

Meta-synthesis method has been used in this contribution to identify the factors effective on customer loyalty based on the abovementioned pattern. Then, secondary data, i.e. past deeds and documents, have been used to collect research data. These deeds and documents contain all studies conducted (i.e. research and review) in the field of

marketing management and customer loyalty. This kind of data collection is also known as documentary analysis. The text of previous studies (including review and research) is accounted for data in meta-synthesis which has been documented exactly like the text of review.

The statistical population of this research includes all studies implemented in the field of marketing management and customer loyalty which have been gathered from universities, research centers, conferences, seminars, journals, books, websites and etc. Investigation and identification of researches were done via search systems of libraries, institutes and scientific websites. They produced total number of 27 researches by entering the word "loyalty" in the title field and refining the results according to "title, abstract, content". Sampling was not done due to the few members of this research population. Having identified the desired researches, their whole texts were considered as data for answering the question of research. Thus, the data were of qualitative type. One of the most well-known methods of qualitative data analyses called open coding was utilized because of the qualitative nature of these data (text). This coding was the same as the first step of data coding which is used in grounded theory method. The codes are extracted from text of the paper in this method and then another coding is implemented on them to form concepts and categories (text-code-concept).

Results and discussion

Having collected and studied the required data, the following will adopt to discuss the obtained results. Out of the 27 researches studied in this contribution, just 11 of them have adopted to address customer loyalty. 10 were about organizational and brand loyalty, while the remaining 6 were dedicated to loyalty in conceptual models. Due to the text of these researches being voluminous, it has been avoided to show them here and they have started just from code step. The results obtained have been classified under 11 main factors which follow:

Trust

Trust is one of the most important and key factors in formation of loyalty. Schurr and Ozanne (1985) define trust as: "believe that promises and words of someone are reliable and he/she will stick to his/her commitments and requirement in a relationship". Dwyer *et al.* (1987) define trust as belief of one side of

the relationship to reliability of words and commitments of the other party. Morgan and Hunt (1994) argue that trust is created only when the individual believes trustworthy and honesty of the other side.

Customer satisfaction

Customer satisfaction is the feeling or attitude of a customer towards a product/service after using it. Customer satisfaction is known as a key factor in formation of tendency to purchase again in future (Jamal & Naser, 2002). Customer satisfaction is a significant factor in providing services, since discovering customer needs and satisfying his/her needs would cause him/her to return once again and increase market share as well. That is why it plays a crucial role in tendency of the customer to purchase again and formation of customer loyalty (Chitty *et al.*, 2007).

Organizational image

A review on the literature about correlation of customer loyalty and organizational image shows that the organizational image has been always known as one effective factor in creating loyalty within different parts of services. Fishbein and Ajzen (1975) argue that attitude of individuals directly influences their behavioral intentions which in fact predicts their behavior. Thus, organizational image can influence the behavioral intentions such as customer loyalty as a kind of attitude. In studies conducted to identify the determinant factors of customer loyalty, organizational image has been always introduced as an important component in formation of loyalty. Frederichs and Salter (1995) have defined organizational image as a value-adding element for customers, which can determine customer loyalty in contribution with price, product quality, service quality and innovation.

Switching cost

Researchers have recently shown a great tendency to start studying the effect of modifying the switching costs in the correlation of satisfaction and loyalty (Jones *et al.*, 2007; Burnham *et al.*, 2003). However the results of these studies are combined, the researchers suggest that high switching costs have a positive effect on the correlation of satisfaction and loyalty. Switching costs can help the enterprise to overcome variations in satisfaction through customer retention without considering the satisfaction of itself from the provider (Bansal *et al.*, 2004; Burnham *et al.*, 2003; Jones *et al.*, 2000).

Customer perceived value

The concept of customer perceived value is often defined as an alternative correlation between the product/service provided for customer and the cost he/she should pay for using it. In order to improve the customer perceived value, enterprises can either add some advantages to their services or decrease the costs of purchasing and using the services.

Perceived risk

Perceived risk has been defined by extensive researches as the uncertainty of customer perception and the adverse consequences of purchasing services (Dowling & Staelin, 1994). They distinguish between two kinds of risks: intrinsic risk and controllable risk. The former is known as a hidden risk which is considered according to quality degree of the product for the customer, while the latter is described as the conflict occurred when the customer chooses to purchase a brand from one of the producers. In this kind of risk, the final results from flow of information are offered with risk reduction process being implemented on the intrinsic risk.

The perceived risk of customers will be variable according to their extent of knowledge, prior experience and acceptable level of risk (Dowling & Staelin, 1994). Since the intrinsic risk mainly influences the risk nature of product group instead of a particular brand, it is attended more.

Customer commitment

After Morgan and Hunt who explored the correlation between trust and commitment, some other researchers like Bansal *et al.* (2004), Fullerton (2003), Venetis and Ghauri (2004) introduced customer commitment as a powerful factor in predicting the factors effective on customer return, customer rebuy and generally customer retention. Most authors and researchers agree on this issue that creating and increasing long-term relationships with the customer will lead to positive return of him/her to the enterprise. Therefore, better identification and understanding of various features of a relationship such as commitment are accounted for a key factor in the success of marketing activities. This is important particularly about services because of the difficulty in marketing intangible services (in comparison with commodities) (Jones *et al.*, 2010).

Sentiments

Researches demonstrate that the evaluations of customers from services have a great correlation with their shown sentiments during their interaction (Mattila & Enz, 2002). Moreover, sentiment can influence attitudes of the customer even in the absence of belief and trust to the product (Taylor *et al.*, 2004). Generally speaking, sentiments are present in all issues of marketing which can be identified by indirect reactions toward persuasive requests, measuring the effects of marketing incentives, appearance of target-oriented behaviors, and evaluation of customer welfare.

Service encounter quality

A special attention is paid to the importance of customer perceptions from service encounter quality because from customer's point of view, one of the direct signs of service quality appears during the service encounter or the crucial moment of contact between customer and enterprise. This can be transformed to the main part of an image the customer has from the service enterprise and thereby play an effective role in determination of success and loyalty for commercial enterprises (Hostand Knie-Andersen, 2004). That is why the service encounter quality is introduced as a key competitive weapon which distinguishes the enterprises and their services provided by them from customers' viewpoints (Namasivayam & Hinkin, 2003).
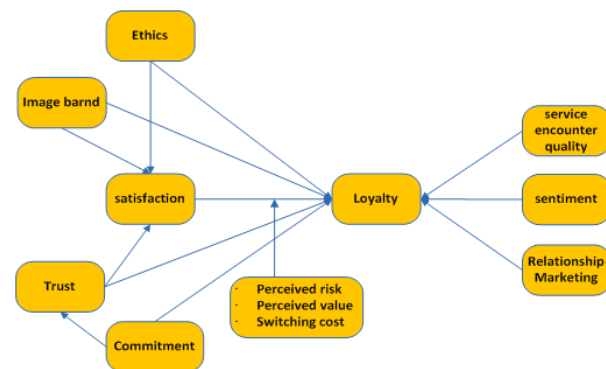

Figure 3. Proposed conceptual model.

Relationship marketing

Identification, creation, maintenance, improvement, and even termination of relationships with customers and others for profit until targets of all involved parties are met; this is relationship marketing. It is accessible by a bilateral exchange and fulfillment to promise (Gronroos, 1994). Chiu *et al.* (2005) demonstrated in their research entitled "Re-

lationship Management and Changing the Behavior of Customer" that financial interests, social factors and structural links will improve customer values and thus lead to enhanced loyalty of him/her (Kamali *et al.*, 2011).

Conclusions

This study was implemented in relation with factors effective on the existing loyalty in the field of marketing management. The results of conducted investigations on the effective factors of loyalty based on Shannon's entropy method (a quantitative analysis of qualitative data based on frequency of codes in order to prioritize the key factors) indicate that customer satisfaction is the most important effective factor. The significance of this factor implies that one should highlight the existing structures in the field of customer satisfaction and try to evolve and enhance them for improvement of loyalty among customers. Since eleven major factors have been examined as the base of loyalty in marketing management, this study adopts to identify and introduce secondary factors in the form of description code which are individually discussed in Results section.

Comparing the results of current work with those of existing realities needs proper identification of research realities in terms of loyalty. Implementation of studies on loyalty is recently addressed by some academic communities and enterprises. A realistic look on these attempts uncovers that the objectives of these studies have not been met yet. In fact, it can be argued that an appropriate targeting has not been done on loyalty researches. Researchers of marketing management do not regularly concentrate on loyalty issue. Moreover, despite formation of some communities for organizing these studies, they seem unsuccessful in achieving such goals. Holding seminars and conferences as well as training courses have failed to gain much success.

Generally speaking, it can be declared that the existing realities of research on marketing management are indicative of the slow motion of loyalty specialists in Iran. In other words, involved experts and scholars must look for practical solutions to change this situation. Indeed, customer loyalty project needs great surveillance and enthusiasm on its way which is accessible through the experts being intelligent and updated.

The present study is exposed tom several limitations both theoretically and practically. The following most important limitations can be mentioned for it: inexistence of integrated information about different types of loyalty. This subject might experience some varieties because the relevant statistics are collected by various research centers.

At the end the following recommendations are made based on the results obtained here:
• Modern and novel aspects of loyalty pathology can be investigated by providing some new scenarios;
• Required extent of attention can be determined and the executive solution mechanism can be planned to improve each of the factors;
• Executive mechanisms can be examined for increasing the participation of enterprise and university in terms of loyalty studies;
• Type of dependency or independency of the extracted factors can be investigated;
• A comparative study on the results from this study and other similar studies is recommended to assess the relevant factors as correct as possible.

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