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Reconceptualizing Brand Loyalty: Its Conceptual Domain, Components, and Structure

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ABSTRACT

This study revisits the dimensional structure of the brand loyalty construct. Following recent developments in loyalty studies, this research conceptualizes loyalty as a four-dimensional construct, comprised of cognitive, affective, conative, and behavioral loyalty. It is proposed that the first three dimensions collectively form a higher order factor, namely attitudinal loyalty, which then leads to behavioral loyalty. However, this conceptualization is not supported by the data. Alternatively, a modified model, based on the traditional conceptualization that attitudinal loyalty is a first-order, one-dimensional construct was found to better fit the data. Thus, this study revalidates the traditional two-dimensional conceptualization of loyalty. It also contributes to the literature by introducing and validating a 5-item attitudinal loyalty measure.

Introduction

The concept of brand loyalty has received renewed interest in recent years. Until recently, the conceptualization of loyalty adopted three major approaches (Jacoby & Chestnut, 1978; Morais, 2000; Rundle-Thiele, 2005). It has been suggested that loyalty may refer to customers' behavioral consistency, attitudinal predisposition toward purchase a brand, or both. The majority of marketing and leisure/tourism researchers seem to have adopted the composite loyalty approach, which suggests considering loyalty in terms of both attitudes and behavior (Backman & Crompton, 1991; Day, 1969; Dick & Basu, 1994; Jacoby & Chestnut, 1978; Knox & Walker, 2001; Pritchard, Havitz, & Howard, 1999; Selin, Howard, Udd, & Cable, 1988; Shoemaker, 1999). A recent stream of research on tourist destination loyalty (Baloglu, 2001; Kozak, Huan, & Beaman, 2002; Oppermann, 1999; 2000) also adopts this conceptualization.

As loyalty research has evolved, the dominant two-dimensional conceptualization has been challenged, with different views on loyalty dimensionality being proposed. It has been

suggested that the two-dimensional conceptualization provides inadequate guidance for practitioners designing loyalty programs (Rundle-Thiele, 2005). Further, the dimensionality issue of loyalty has warranted increasing concern as marketers who misunderstood the conceptual domain and structure may be: “1) measuring the wrong things in their attempts to identify loyal customers; 2) unable to link customer loyalty to firm performance measures; and 3) rewarding the wrong customer behaviors or attitudes when designing loyalty programs” (Jones & Taylor, In press, p. 1).

Though varying in their conceptualization, many researchers holding the multi-dimensional view of loyalty are somewhat influenced by Oliver’s work (Oliver, 1997; 1999). Oliver suggested that loyalty formation is more likely to be an attitudinal development process, and posited that the loyalty-building process starts from one’s cognitive beliefs (cognitive loyalty), followed by affective loyalty (i.e., “I buy it because I like it”), to conative loyalty (i.e., “I’m committed to buying it”), and finally actual purchase behaviors (action loyalty, or “action inertia”). A number of researchers have adopted and/or developed Oliver’s four-dimensional loyalty conceptualization (Back, 2001; Harris & Goode, 2004; Jones & Taylor, In press; Lee, 2003; McMullan & Gilmore, 2003), although their views toward the temporal sequence of loyalty formation remain divided (Rundle-Thiele, 2005).

Following recent conceptual development (Harris & Goode, 2004; McMullan & Gilmore, 2003; Oliver, 1999; Oliver, Rust, & Varki, 1997), the present paper attempts to integrate previous findings and propose a conceptual model (see Figure 1). Specifically, the authors suggest that the loyalty construct might be comprised of four elements: cognitive loyalty, affective loyalty, conative loyalty, and behavioral loyalty. The first three aspects collectively form a higher order factor called attitudinal loyalty, and are independent components of attitudinal loyalty attributable to unique variance (Back, 2001; Back & Parks, 2003). Attitudinal loyalty then leads to action/behavioral loyalty. We hypothesized that:

H1: Cognitive, affective, and conative loyalty will be explained by attitudinal loyalty as a higher order factor.

H2: Behavioral loyalty will be significantly and positively influenced by attitudinal loyalty.

Methods

The study employed a self-administered questionnaire survey. After the initial version of the questionnaire was developed, 14 experts were invited to review and pretest the instrument. A shortened questionnaire was pilot tested on 114 undergraduate students in a restaurant dining setting. Based on the expert panel’s recommendations and pilot study results, the authors measured cognitive loyalty, affective loyalty, and conative loyalty (collectively representing attitudinal loyalty) using three 7-point Likert-type scales proposed by Back (2001; Back & Parks, 2003). Action or behavioral loyalty was measured by proportion of brand purchase (Brown, 1952; Copeland, 1923; Cunningham, 1956; Iwasaki & Havitz, 1998).

In order to examine the hypothesized model, an online panel survey, which has been shown as a valid and efficient research approach (Dennis, 2001; Deutskens, Jong, Ruyter, & Wetzels, 2006; Duffy, Smith, Terhanian, & Bremer, 2005), was employed. The survey was

conducted from March 15 to March 22, 2006, generating an effective sample size of 554. This sample included 55.8 percent male respondents with an average age of 53.9, with the vast majority white (91.7%) and married (80.5%). About two thirds (63.9%) had a college degree or more and the median income was \$75,000 to \$100,000. On average, respondents had taken 8.3 cruises with 3.4 different cruise lines in their lifetime. Respondents' brand purchase history included an average of 3.1 cruises with the cruise line, and 6.2 years cruising with that line. Finally, no significant nonresponse bias and sampling bias were detected.

Findings

A structural equation modeling (SEM) procedure was employed to analyze the data. To address multivariate nonnormal distribution, the authors decided to use nonparametric bootstrapping (Byrne, 2001; Kline, 2005), based on 500 bootstrap samples. The structural equation modeling procedure was conducted in several stages:

Stage 1: Testing the Proposed Model

A second-order confirmatory factor analysis model was used to examine the hypothesized loyalty structure. The goodness-of-fit statistics, with χ^2 (32, N=554)=14.975, $p < 0.001$, CFI=0.934, GFI=0.83, RMSEA=0.159, indicated a poor fit. The multiple large MI values, considering the model was neither too large nor complex, further evidenced that there could be substantial misfit in the hypothesized second-order model structure.

Stage 2: Model Comparison

Following statisticians' recommendation (Bagozzi & Yi, 1988; Jöreskog & Sörbom, 1996; MacCallum & Austin, 2000), a series of competing models were tested against the hypothesized model. These included Oliver's four-dimensional sequential model (Harris & Goode, 2004; McMullan & Gilmore, 2003; Oliver, 1999); Back's four-dimensional first-order model (Back, 2001; Back & Parks, 2003); Lee's three-dimensional sequential model (Lee, 2003); and the traditional two-dimensional model (Backman & Crompton, 1991; Day, 1969; Dick & Basu, 1994; Jacoby & Chestnut, 1978; Petrick, 1999; Pritchard et al., 1999; Selin et al., 1988). However, it seemed that the fitness level of all these competing models was no different from, or even worse than the hypothesized one. In light of these results, it was decided that exploratory analysis should be used to purify measures (Churchill, 1979).

Stage 3: Model Modification

An EFA was employed to identify the potential pattern of the 9 items, which were supposed to measure cognitive, affective, and conative loyalty separately. It was found that the 9 items in discussion all loaded nicely on one single dimension, instead of the three dimensions hypothesized. Moreover, Cronbach's alpha for the nine items was quite high, and deleting any one of the items would have little effect on alpha. These results indicated that the traditional two-dimensional model, which conceptualizes attitudinal loyalty as a one-dimensional first-order concept, was theoretically and statistically more grounded than the proposed model. Since the alpha-if-item-deleted analysis showed that the 9 items might be redundant with each other, it was determined that several items may be deleted to generate a better measure of one-dimensional attitudinal loyalty.

This modification process strictly followed recommended procedures (Bentler & Chou, 1987; Byrne, 2001; Hatcher, 1994), and resulted in a one-dimensional loyalty measure containing five items. The five-item model, with χ^2 (5, N=554)=26.131, $p<0.001$, CFI=0.994, GFI=0.982, RMSEA=0.087, demonstrated good fit. Finally, the modified loyalty model was tested in a structural equation model, with attitudinal loyalty (operationalized as the revised 5-item scale) as an exogenous variable, and behavioral loyalty as an endogenous variable. The model, with χ^2 (9, N=554)=52.399, $p<0.001$, CFI=0.988, GFI=0.969, RMSEA=0.093, demonstrated a good fit of the data.

Stage 4: Assessing Validity and Reliability

The foregoing procedure essentially generated a 5-item scale measuring attitudinal loyalty. Before drawing final conclusions, the authors deemed it necessary to examine the psychometric properties of the measure. A series of tests were hence conducted to examine the convergent and discriminant validity, reliability, as well as nomological validity of the five-item measure. Combined, it was shown that the 5-item scale served as both a valid and reliable measure of the single-dimensioned attitudinal loyalty construct.

Stage 5: Hypothesis Testing

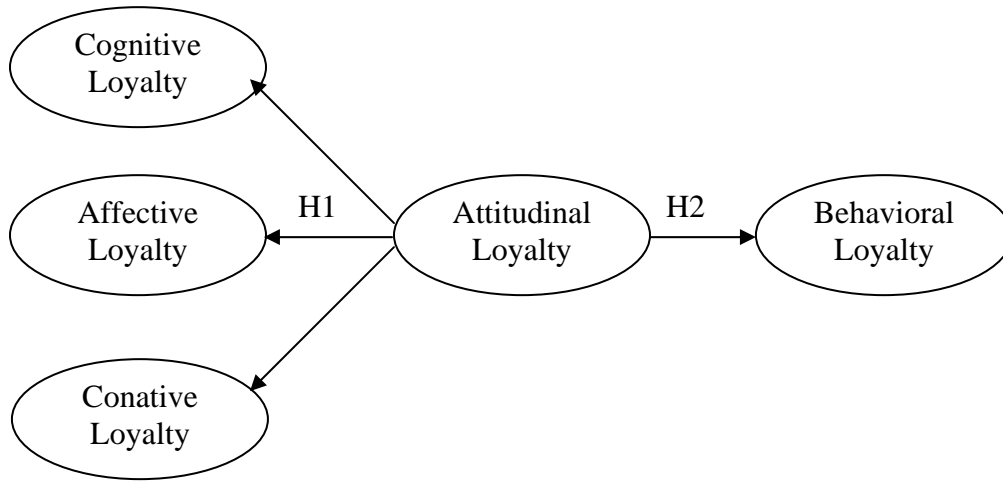
Up to this point, it was concluded that the 5-item measure, measuring attitudinal loyalty as a single-dimensioned, first-order construct, demonstrated better fit of data than the hypothesized second-order model. Therefore, H1 was not supported. H2 was examined by the critical ratio (i.e., t value) of the path of attitudinal loyalty predicting behavioral loyalty in the modified loyalty model. The significant critical ratio ($p<0.001$) indicated that H2 was supported.

Conclusions

In sum, this study supported the traditional two-dimensional conceptualization of loyalty, which maintains that loyalty has an attitudinal and a behavioral component (Backman & Crompton, 1991; Day, 1969; Dick & Basu, 1994; Jacoby & Chestnut, 1978; Petrick, 1999; Pritchard et al., 1999; Selin et al., 1988). In addition to clarifying the conceptual structure of customers' brand loyalty, this article also contributes to the literature by introducing and validating a 5-item attitudinal loyalty measure. The scale was deemed to be a theoretically and psychometrically sound measure, which might be used in future leisure and tourism loyalty research.

Although this study is primarily theoretical, it is believed that the revealed conceptual structure of customer brand loyalty may provide insights for cruise management. Facing more sophisticated cruisers and challenged by more aggressive competitors, cruise line management, as well as many other leisure and tourism industries, have invested tremendous resources to retain and reward loyal customers. This paper provides a feasible tool to identify loyal customers. Information generated via this tool may help managers design loyalty programs, which should reward the right type of customer attitudes and behaviors (Jones & Taylor, In press). It may also facilitate benchmarking customers' loyalty within, and across different services.

Figure 1. The Conceptual Structure of Brand Loyalty—A Proposed Model



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