Chapter 5

Customer Store Loyalty:
Process, Explanation Chain, and Moderating Factors

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ABSTRACT

This chapter examines the process of how store customers become loyal to their stores. The authors pursue a theoretical and empirical research approach designed to identify and test a parsimonious model. The result is an explanation chain that incorporates relational variables, trust and commitment, satisfaction, and the moderating factors of the relational variables. The findings reveal that customer commitment is the major contributing explanation for true customer loyalty, significantly more than the contributed explanation of customer satisfaction. The cognitive moderating factors (store familiarity, store choice, customer perceived risk, and communication) and the affective moderating factors (customer opportunistic tendencies, consumer involvement, shared personal values, and shared management values) are significantly related to the core variables and thus contribute some explanation, yet their contribution is very small compared to the contribution of the core variables, thereby suggesting the significance of the core variables in the explanation of customer store loyalty.

INTRODUCTION

Customers can more easily identify themselves with brands on the basis of successful positioning and effective fitting of product values to consumer needs. Notwithstanding, customers may not follow the same process when becoming loyal to stores where many brands, some of them competing with each other, may complicate the B to C relationships and, thus, the way store customers become loyal.

This study aims at examining anew the entire process of how store customers become loyal to

their stores. We not only describe the process but also attempt to explain it on the basis of empirical research. Our study of customer store loyalty focuses on the explanation of true loyalty, the understanding of a core process generating customer loyalty on the basis of relational components in addition to transactional ones, and the moderating effects produced by cognitive and affective attitudes shaping or modifying the core process. Our research uses a sample of multicultural store customers experiencing a variety of stores. The presence of large stores, like supermarkets, versus small and more customized stores, like specialized stores, allows for a variety of situations facilitating a more realistic study context.

We first introduce and discuss the conceptual framework that provides the basis to propose a conceptual model. We then present the research method and the results obtained, discuss the findings, and derive some research and managerial implications. We finally offer suggestions for future research, managerial implications, and the study conclusions.

CONCEPTUAL FRAMEWORK

The conceptual framework of this study focuses on true loyalty, the core process store customers use to achieve it, and the moderating forces and attitudes intervening in the process either as shapers of a common path in customer loyalty formation or modifiers of specific paths in customer loyalty implementation.

Customer Store Loyalty

Store customers develop loyalty in various representations. Some of these refer to behavior, such as going to the same store every week because the store is close to the consumer's home, and others reflect attitudes such as cognitive and affective attitudes. Past studies have focused on behavioral loyalty and helped build customer loy-

alty programs that encourage customers to repeat purchase in the same stores. Loyalty programs do not attempt to proactively influence customer attitudes. Customer loyalty involves human behavior and attitudes, "a favorable correspondence between relative attitude and repeat patronage" (Dick & Basu, 1994).

Thus, following Dick and Basu (1994) and Oliver (2010), this study examines customer loyalty in its three phases, cognitive, affective, and behavioral. Behavior and attitudes operate in unison to generate customer store loyalty, true loyalty. True loyalty requires a meaningful presence of both positive attitudes and behavioral experience in consumers. The absence of attitudes limits the human experience to "spurious" loyalty and the absence of behavioral experience limits the attitudes to "latent" loyalty (Dick & Basu, 1994). "Spurious" loyalty is often represented or exemplified by repeat purchase and customer retention–themes that have been the focal point of abundant research.

Customer Satisfaction

Satisfaction is an evaluative, affective, or emotional response that evolves with the experience a consumer has with a good or service over a period of time (Oliver & Swan, 1989). Store customers experience satisfaction in more than one way (Oliver, 2010). They can be satisfied with the products they buy but fundamentally they may be satisfied with the transaction they are involved in when acquiring the product. Satisfaction is a cumulative construct that includes not only satisfaction with specific products and services but also with the various aspects of the transaction and the organization such as the interaction with employees and the physical facilities. Yet, transaction satisfaction is different from consumption satisfaction (Oliver, 2010) and both are different from competing satisfaction (Vásquez-Párraga & Alonso, 2000). Transaction satisfaction occurs during the interaction between the customer and

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