

Chapter 9

Determinants of Attitudinal Loyalty in Retail Banking: Evidence From Nigeria

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ABSTRACT

This paper tests a conceptual model by drawing on the relationship marketing theory and the brand attitude literature. Two specific research aims were explored. First, the authors tests the mediating role of brand credibility in the relationships between its antecedents and attitudinal loyalty. Second, the moderating role of satisfaction in the relationships between information sharing, customer orientation and brand credibility were explored. Quantitative data generated from 332 experienced users of banking services in Nigeria formed the final database. The study contributes to brand attitude literature and loyalty theory by demonstrating that over and above the simple significant positive effects of information sharing, customer orientation, and brand credibility on attitudinal loyalty, brand credibility transmits the effects of information sharing and customer orientation onto attitudinal loyalty.

RESEARCH BACKGROUND

Although most organisations have deployed substantial efforts and resources to customer retention, the number of defection among satisfied customers is still high (Oliver, 1999). It has therefore been argued that the best strategy for enhancing customer retention is to proactively anticipate and moderate customer defection (Lowenstein, 2013). A well-articulated customer retention strategy leads to customer loyalty and profitability. Customer loyalty has therefore attracted a significant body of literature because practitioners and academics understand the profit impact of building a sustainable loyal customer base (Izogo, 2015; Oliver, 1999). From the theoretical standpoint, customer loyalty occurs when a customer is committed to rebuying a product/service consistently in the future despite the existence of alternative market offerings (Oliver, 1999). Earlier conceptualisations of customer loyalty suggest it comprises attitude and behaviour (Jacoby and Chestnut, 1987). Previous studies of loyalty (e.g. Tarus and Rabach, 2013; Alam

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et al., 2012; Lai et al., 2009; Oliver, 1999) explored the determinants of the overall concept of loyalty but failed to examine the individual components of the construct. Izogo (2015) therefore declared that the epistemological depth of the two major components of loyalty (behavioural and attitudinal) is shallow and consequently argued that the attitudinal component of the construct is yet to receive adequate research.

Customers can, and do distinguish between various aspects of marketing outcomes especially loyalty (Rafiq et al., 2013). Thus, loyalty theory can be advanced by examining the antecedents of the different components of loyalty in greater detail. Whereas behavioural loyalty is spontaneous and fails to account for customers' continuous long-term repeat patronage (Tarus and Rabach, 2013; Jacoby and Chestnut, 1987); it has been argued that attitudinal loyalty is a step beyond behavioural loyalty because it measures the psychological attachment and attitudinal disposition of the customers toward a firm or its products and services (Chaudhuri and Holbrook, 2001). Jacoby and Chestnut (1987) argued that inferring loyalty or disloyalty solely from the lens of repeat purchase behaviour without further analysis is inadequate. The implicit proposal is that both components of loyalty (behavioural and attitudinal) are important in examining the construct. But, Pan et al. (2012) argued that measures of attitudinal loyalty can serve as a surrogate for behavioural loyalty measures. Hence, to avoid unnecessary redundant duplications, it is plausible to directly establish attitudinal loyalty as the ultimate measure of the construct because Oliver (1999) argued that true loyalty can only ensue from consumer attitude. Thus, attitudinal loyalty is the right metric to be linked to companies' financial outcomes since sustainable profits are more likely to result from customers who are attitudinally loyal rather those who are spuriously loyal (the behaviourally loyal customers). However, studies that examined how attitudinal loyalty evolves from the lenses of satisfaction, brand credibility, customer orientation and information sharing are scarce.

Although satisfaction has been widely cited as a determinant of loyalty (Lai et al., 2009; Oliver, 1999), it is not sufficient to elicit true loyalty (Izogo, 2013; Oliver, 1999). Oliver (1999) stated that when loyalty begins to set through other mechanisms, satisfaction become less significant. "For some firms, satisfaction is the only feasible goal for which they should strive" (Oliver, 1999, p. 33). Thus, satisfaction should be a fundamental component of behavioural marketing models that integrate the determinants of loyalty. This paper seeks to advance loyalty theory by drawing on the relationship marketing theory and the brand attitude literature to formulate and test a unique model of the determinants of attitudinal loyalty. The paper therefore aims to: 1) investigate the effects of customer orientation, information sharing, and brand credibility on attitudinal loyalty; 2) examine the mediating effect of brand credibility on the relationships between customer orientation, information sharing, and attitudinal loyalty; and 3) examine the moderating effect of satisfaction on the relationships between customer orientation, information sharing, and attitudinal loyalty.

THEORETICAL CONTEXT

Relationship Marketing Theory

The relationship marketing (RM) theory emerged as a result of the resurgence of direct marketing both in business-to-business and business-to-consumer markets (Sheth and Parvatiyar, 1995). The RM theory is broadly conceptualised as, "all marketing activities directed towards establishing, developing, and maintaining successful relational exchanges" (Morgan and Hunt, 1994, p. 22). Thus, RM advances the understanding of the various aspects of business strategy because it takes several forms (Hunt et

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