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Developing a scale to measure customer loyalty

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Abstract

The goal of this research is to develop and test a customer loyalty scale. The main tested hypothesis is that loyalty is a process with four distinct phases: cognitive, affective, conative and action. We conducted a qualitative and a quantitative research. The sample is represented by 676 young buyers of cosmetic products from direct selling companies. We selected items for loyalty scales and pre-tested the questionnaire. We used both exploratory and confirmatory factor analysis.

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1. Introduction

The economic interest for studying the loyalty concept evolved in the context of continues changes of the strategies implemented by companies that have understood the impact of loyal client upon their profits.

One of the most common cited definitions of loyalty in the marketing literature is the one offered by Jacoby and Chestnut (1978), who see this process as a behavior result of consumer's preferences for a specific brand from a set of similar brands.

In marketing research literature, loyalty is investigated as a component of one (general loyalty), two (attitudinal and behavioral) or four dimensions (cognitive, affective, conative, action). Before 1970, the specialists focused only on behavioral dimension of loyalty, seen as a process of repeated purchases. This limit generated new approaches explaining behavioral patterns and, later after, the psychological perspective of loyalty (Evanschitzky, Wunderlich, 2006). This approach studied brand loyalty in terms of results (repeating the purchase) and not of motivations, till 1969, when Day lunches the concept of two dimensional loyalty (Kuusik,

2007). Studying both attitudinal and behavioral loyalty allows us to identify different customers segments and to work with different types of marketing strategies (Baloglu, 2002, p. 49). Most of marketing researches investigate only attitudinal or behavioral dimension. Only very few of them analyse all four loyalty components (Oliver, 1997; Sivadas, Baker-Prewitt, 2000; Olsen, 2002; Harris, Goode, 2004; Han, et a. 2008).

Generally, the determinants of loyalty and the items composing the scales are generated based on previous research studies. A theoretical model is tested and validated for a new product or service category.

In the field of direct marketing and direct selling there are very few loyalty studies that develop loyalty scales. Most of the articles are focused on the effects of loyalty programs.

In this context, we conducted a qualitative and a quantitative research to identify the dimensions of customer loyalty for direct selling cosmetics products, on the Romanian market.

The goal of this research is to develop and test a customer loyalty scale.

The main tested hypothesis is that loyalty is a process with four distinct phases: cognitive, affective, conative and action.

In order to create the research instrument, we organized 31 depth interviews with direct cosmetics sellers and 29 depth interviews with customers who buy cosmetic products from those companies. We selected items for loyalty scales and pre-tested the questionnaire. The sample for the survey is represented by 676 young buyers of cosmetic products from direct selling companies from Romania. We used both exploratory and confirmatory factor analysis.

In our study, we adopted the definitions of the main used concepts, presented below.

Loyalty is "a deeply held commitment torebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential tocause switching behavior." (Oliver, 1997, p. 5).

Cognitive loyalty was defined and measured as the evaluation of the company or a product attributes' performance (Evanschitzky, Wunderlich, 2006).

Affective loyalty was defined as an emotional general evaluation (Evanschitzky, Wunderlich, 2006).

Conative loyalty was defined as the behavioral intention of the customer to continue to buy one company's products both with his committeent to the company (Evanschitzky, Wunderlich, 2006).

Action loyalty includes: "saying positive things about the company to others, recommending the company or service to others, paying a price premium to the company, expressing a preference for a company over others, continuing to purchase from it" (Zeithaml et al., 1996, p.34). Here introduce the paper, and put a nomenclature if necessary, in a box with the same font size as the rest of the paper.

2. Method

2.1. Research Hypothesis

Marketing and psychology theories argue and support the presence of four loyalty dimensios: cognitive, affective, conative and action. Based on this approach, loyalty models were developed and tested (Oliver, 1999; Harris, Goode, 2004; Evanschitzky, Wunderlich, 2006), less on direct selling companies example.

Oliver (1997) develops a four phases loyalty model, suggesting that different aspects of this process do not act simultaneous but sequential. There is unanimity of opinion sustaining that the first three stages lead to a strong commitment of the consumer and triggers the action of buying (McMullan, Gilmore, 2002). The research of McMullan and Gilmore (2002, p. 238) tests and confirm the hypothesis that "consumer loyalty for a product or a service is a process with four distinct phases: cognitive, affective, conative and action". Harris and Goode (2004) also confirm the same hypothesis, based on the model of Oliver (1997). In their study, Evanschitzky and

Wunderlich (2006) identified positive and significant relations between cognitive and affective loyalty, affective and conative, conative and action loyalty.

H1: Loyalty is a process with four distinct phases: cognitive, affective, conative and action.

2.2. Sample data

For the quantitative research, the sample is formed by 676 young students of Alexandru Ioan Cuza University of Iasi who often buy cosmetic products for direct selling companies and who bought least one product in the last three months (Suh, Yi, 2006).

2.3. The research methods

We conducted a qualitative and a quantitative research. We used qualitative research based in depth interviews. The research is exploratory and instrumental; the results were used to develop the items for the quantitative questionnaire. The qualitative research was organized in two different phases. In the first phase, we investigated the sellers' perceptions on their clients' loyalty. We organized 31 depth interviews with direct cosmetics sellers, with ages between 18 and 30. In the second phase, we identified the important elements for the clients that generate the repeating of the purchase of cosmetic products. We organized 29 depth interviews with customers who buy cosmetic products from direct selling cosmetics companies.

The quantitative research was a survey based on a questionnaire.

3. Results

We used both documentary research and qualitative research in order to select items to be included in loyalty scale. The items in the questionnaire were made using selected loyalty scales from other marketing research studies and the information from qualitative research.

We summarized the results for the qualitative research, grouping the items by the four dimensions of loyalty and we compared them with items from loyalty scales identified in marketing literature. We selected those scales that reflect better the Romanians' behavior and that have more common aspects with the information collected during depth interviews.

None of the studies investigating the four phases of loyalty (Sivadas, Backer-Prewitt, 2000; Olsen, 2002; Harris, Goode, 2004; Evanschitzky, Wunderlich, 2006) used the example of direct selling companies or cosmetic products. This is the reason we adjusted the most appropriate loyalty scales from research literature.

Most of the items defining cognitive loyalty from our depth interviews were the same with those from *cognitive loyalty scale* used by Harris and Goode (2004) in their study on books on-line selling.

Most of the items defining affective loyalty from our depth interviews were the same with those from *affective loyalty scale* used by Quester and Lim (2003). For *conative loyalty* items, we adjusted the scale of Evanschitzky and Wunderlich (2006, p. 336). They developed this scale using the model of Zeithaml, Berry and Parasuraman (1996), with three components of conative behavior: the future intention of buying the regular products and other products of the same company, the intention to recommend the company to others (Söderlund, 2006, p.79).

Most of the items defining action loyalty from our depth interviews were the same with those from *action loyalty scale* used by Zeithaml, Berry and Parasuraman (1996) and it is used in many others studies (Han, Kwortnik, Wang, 2008).

We used rated on a 7-point Likert scales, with 1 for *total disagreement* and 7 for *total agreement*. The questionnaire was tested on 32 subjects. In order to analyze the data, we used SPSS 17.0 and AMOS 16.0.

The reliability of the scale is measured with Cronbach alpha (α). The Cronbach alpha value for the global loyalty scale is 0.9. The content validity was tested by the qualitative and exploratory investigation of the items.

The questionnaire was verified by 10 sellers from direct selling cosmetics companies before it was pretested by the sample of the 32 cosmetics buyers.

The construct validity was tested by the two components: convergent validity and discriminant validity. We tested the convergent and discriminant validity using common factors analysis with SPSS 17.0. The extraction method was Principal Axis Factoring (PAF) with Promax for oblique rotation method. We choose Kaiser criterion to select the number of common factors ("eigenvalues" grater than 1) (Malhotra, 1998). Four dimensions were identified, for each phase of consumers' loyalty. The Cronbach alpha values are higher than 0.7 for all constructs: Cognitive Loyalty scale ($\alpha = 0.80$), Affective Loyalty scale ($\alpha = 0.92$), Conative Loyalty scale ($\alpha = 0.83$).

We also used confirmatory factor analyses, with AMOS 16.0.

Scale	Items loading	SEM Model Fit Indices	
I prefer to use the products of this company	0,80	Chi-square = 11.1	
I think this company has the best offers in	0,67	(p=0.001),	
the present	,	RMSEA = 0.12,	
I prefer to huy this brand instead of other	0.84	GFI = 0.98, $RMR = 0.16$,	
hronda	0.04	CFI = 0.98, TLI = 0.95,	
brands		PNFI = 0.32	
This is not a good model. We decide to eliminate the item with the loading < 0.7 .			
I prefer to use the products of this company	0,76	Chi-square = 74.9	
I prefer to buy this brand instead of other	0.67	(p=0.00), RMSEA =	
brands	- ,	0.12, GFI = 0.9, RMR =	
oranas		0.7, CFI = 0.83, TLI =	
		0.95, PNFI = 0.32	
This is not a good model. The convergent validity of this scale is not confirmed.			
We decide to eliminate the scale from the lovalty model			

Scale	Items loading	SEM Model Fit Indices
I bought this brand because I really like it	0.76	Chi-square = 21.37
I am pleased to buy this brand instead of	0.69	(p=0.001)
other brands		RMSEA = 0.07
I like this cosmetics brand more than other	0.92	GFI = 0.98
brands		RMR = 0.04
I feel more attached to this brand than to	0.92	CFI = 0.99
other brands		0.55
I am more interested in this brand than	0.90	TLI = 0.98
other brands		PNFI = 0.49
This is a good model.		

Table 3. The results of confirmatory factor analyses for Conative Loyalty scale

Scale	Items loading	SEM Model Fit Indices
I intend to buy this brand in the future, too I intend to buy other products from this brand	0.79 0.71	Chi-square = 8.8 (p=0.003), RMSEA = 0.1, GFI = 0.98, RMR = 0.2, CFI = 0.97, TLI = 0.97, PNFI = 0.97
This is a good model.		

Table 4. The results of confirmatory factor analyses for Action Loyalty scale

Scale	Items loading	SEM Model Fit Indices
I recommend this brand those who ask my advice	0.86	Chi-square = 23.2 (p=0.00), RMSEA =
I say positive things about this brand to other persons	0.88	0,08, GFI = 0.97, RMR = 0.1, CFI = 0.98, TLI =
I consider this company my first choice when I want to buy cosmetic products	0.85	0.94, PNF1 = 0.62
This is a good model.		

4. Discussions

The hypothesis was partial confirmed. Only three from four loyalty dimensions were identified: affective, conative and action loyalty. The results are different from those from the research of Harris and Goode (2004) or Evanschitzky and Wunderlich, 2006. The scale for Cognitive Loyalty was eliminated from the model due to the lack of validity. One of the reasons for this result might be the manner of developing the scales. They were adjusted from existing scales from different foreign research studies, using the qualitative research for the Romanian market. Another reason might be lower involvement level for the acquisition of cosmetic products. The sample is represented by young buyers, with more than one year experience in buying cosmetic products from the company, at least two times in the last year. These clients are loyal to their sellers. In this case, the first stage of loyalty is achieved. In order to verify if it is possible to identify four phases of loyalty, a new research is necessary.

Conclusions

Studying the previous research literature, we noticed that there are just a few studies investigating the four components of loyalty. Most of the researches study either attitudinal or action loyally.

In our research, we developed and tested a scale for measuring customer loyalty on the example of direct selling cosmetic products. We approached the theory that claimed that loyalty is a process with four phases: cognitive, affective, conative and action loyalty. This is also the complex approach. We developed and tested one scale for each loyalty dimensions. Due to the lack of validity, the cognitive scale was eliminated from our model. The final scale is made of three components: affective, conative and action loyalty. The statistical analyses prove that it is a valid and reliable scale. The loyalty scale can be used by direct selling cosmetics companies in order to collect information about their clients' loyalty level. Using this information, the managers can implement efficient customer relationship marketing strategies.

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