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Does loyalty span domains? Examining the relationship between consumer loyalty, other loyalties and happiness[☆]

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ABSTRACT

Researchers hypothesize that loyalty is essentially isomorphic across domains, and it positively linked to happiness. Based on an extensive review, this research proposes a universal definition of loyalty that is applicable across domains. Additionally, this study investigates whether consumer loyalty is reflective of our loyalties across other life domains. Using data from 1202 consumers from the USA and 531 from the UK, this research examines loyalty across six domains: family, friends, colleagues, consumer, community, and faith and its relationship to happiness. The results indicate that loyalties fall into two groups: “concrete” (tied to individuals) and “abstract” (tied to higher order abstractions). Consumer loyalty is found to group with concrete loyalties. Both loyalties are correlated to happiness, but concrete loyalties are much more strongly correlated. This lends support to the idea that firms can meaningfully enhance individual happiness and promote societal well-being by creating environments that engender consumer loyalty.

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1. Introduction

“Loyalty and friendship, which is to me the same, created all the wealth that I've ever thought I'd have.”

[Ernie Banks (Member of the National Baseball Hall of Fame)]

The extensive body of research regarding consumer loyalty in marketing has tended to focus predominantly on loyalty (and the corresponding behaviors associated with loyalty) as a means to improve firm financial outcomes. Loyal customers are much more likely to be retained, devote a higher share of category spending with the firm, and engage in positive word of mouth (Oliver, 2010) translating into increased revenue for the firm (Reichheld, 1993; Reichheld, Markey, & Hopton, 2000; Rust,

Lemon, & Bolton, 2004). The anticipated financial benefits for firms have resulted in the creation of long term value-laden relationships with customers to emerge as one of the leading paradigms in marketing theory (Eiriz & Wilson, 2006; Grönroos, 1994).

Many of these perspectives on loyalty and building relationships with consumers however focus primarily on benefit to the firm and not necessarily the consumer. Happiness as an outcome of consumer relationships for instance has received sparse attention despite the fact that there is research that suggests that they may be linked more closely than we think. Research in the area of consumer satisfaction (Oliver, 2010) for example, proposes that consumer satisfaction and happiness are related constructs.

The idea that loyalty can result in improved happiness receives support from other disciplines. In psychology, for example, loyalty is regarded as an essential component in binding relationships together (Rusbult, 1987), and these loyal relationships are found to be important to individual happiness (Keiningham, Aksoy, & Williams, 2009; Keller, 2007). Of particular relevance to this investigation, research in psychology, consistently finds that the best predictor of happiness is human relationships (e.g., Cacioppo & Patrick, 2008; Gilbert, 2005). In fact, the need to understand the antecedents to what we colloquially refer to as “happiness” (Diener, 2000) has been a major force in the development of a new branch of psychology: Positive Psychology (Seligman & Csikszentmihalyi, 2000). More precisely, researchers tend to speak of

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subjective well-being (SWB) when referring to the “science of happiness” (Diener, 2000) specifically comprising of global judgments of one’s life, satisfaction with important life domains and experiencing higher positive and low negative affect.

While the possibility that building loyal relationships with consumers can result in increased consumer happiness sounds exciting, philosophers and sociologists have accused business leaders of encouraging consumer disloyalty resulting in a corrosive impact on loyalties in other domains of our lives (e.g., Hecht, 2007; Kasser, 2004; Sennett, 2006; Svensson, 2006; Twitchell, 1999). For example, in his seminal essay on loyalty, George P. Fletcher argues that our loyalty as consumers has affected our loyalty in other key areas of our lives. Specifically, Fletcher argues, “The exemplar of the marketplace has conquered neighboring arenas. Today we think about relatives, employers, religious groups, and nations the way we think about companies that supply us with other products and services” (Fletcher, 1993a, p. 3).

Therefore, it is not clear how and to what extent our loyalty as consumers is related to our happiness. If it is found that loyal consumers are more likely to be loyal in other domains, prior research indicates that one would expect these consumers to express greater happiness (Gilbert, 2005). Affirmative answers to these questions would be relevant to the domain of Positive Marketing (centerforpositivemarketing.org 2012). If consumer loyalty reflects loyalties in other domains and is associated with greater happiness, the total benefits of encouraging loyalty incorporate more than firm financial outcomes. It may also raise our happiness as individuals, and even foster loyalty with others thereby enhancing the quality of our relationships and ultimately happiness. Clearly, if this is indeed the case, it would also be part of a solution to problems in society at large (Mittelstaedt, Kilbourne, & Shultz, 2015–this issue), particularly given the marked increase in loneliness in Western societies and the negative psychological and physiological consequences that have been tied to loneliness (Cacioppo & Patrick, 2008).

This research seeks to provide insight into the important links between consumer loyalty, other domains of loyalty and happiness. Using data from 1202 consumers from the U.S. and 531 from the U.K., this research examines the loyalty of individuals across six domains: family, friends, colleagues, consumer, community, and faith. The analysis controls for customer characteristics (age, gender, income, education, and marital status), country effects, and individuals’ attachment and coping styles.

The results indicate that loyalties fall into two main groups referred to as “concrete” (loyalties that can be directly tied to individuals) and “abstract” (loyalties to very large groups based upon higher order abstractions, e.g., moral considerations, etc.). Consumer loyalty is found to group with concrete loyalties. While both loyalties are significantly correlated to happiness, the findings demonstrate that concrete loyalties (e.g., family, friends, consumer, and work colleague) are much more strongly correlated to happiness than are abstract loyalties (e.g., community and faith). This lends support to the idea that firms can practice positive marketing by meaningfully enhancing individual happiness, promoting societal well being as well as improving profitability by encouraging environments that engender consumer loyalty (Gopaldas, 2015–this issue).

2. Theoretical background

2.1. Loyalty and happiness

When we think about the concept of loyalty, we tend to associate the word with those individuals who are most strongly tied to us, in particular family and friends. Webster’s New World Dictionary of American English (1988) however defines loyalty as “faithfulness or faithful adherence to a person, government, cause, duty, etc.” Loyalty therefore is a construct that spans a variety of other domains besides our friends and family and includes loyalty to the places we work for, the people

we work with, the places we conduct business with as consumers, loyalty the society and community that we live in, and even to our faith.

Regardless of the domain, the primary role of loyalty in our lives appears to be the same: to make our lives more enjoyable. In his essay on loyalty, Keller (2007, p. 218) argues:

“We need loyalty because it makes our lives better. In all sorts of ways, life is richer, more enjoyable and less frightening when we have loyal relationships. The various reasons why we need loyalty are the various reasons why it is good to have friends, close family ties, a favorite football team, and so on.”

Loyalty is one of the core principles that bind relationships together. Moreover, despite the fact that these loyal relationships will at times call for us to make sacrifices (and can make us less happy during these times of sacrifice) it is our relationships that are the primary determinant of our happiness (Gilbert, 2005). Specifically, the only external factor that separates “very happy” from “less happy” people is whether they have rich and satisfying social relationships (Diener & Seligman, 2002).

Research across domains supports the notion that our connections to others impact our happiness. The studies linking the effect of strong bonds with friends and family to happiness are extensive (e.g., Gilbert, 2005; Lyubomirsky, 2007). Friends and family have the potential to offer strong social connections, providing support structures, a sense of security and the experience of positive emotions, all contributing to our happiness (Ben-Shahar, 2007; Gilbert, 2005). Similarly, a great deal of research finds a positive relationship between work satisfaction and life satisfaction (see Rain, Lane, & Steiner, 1991 and Tait, Padgett, & Baldwin, 1989 for reviews). Additionally, research by the Gallup Organization finds that it is our connections to colleagues at work that directly impact our happiness (Buckingham & Coffman, 1999; Rath, 2006). Gallup finds that one of the primary determinants of job satisfaction is whether we have a best friend at work (Buckingham & Coffman, 1999).

Researchers also find that loyalty to more abstract constructs such as faith (e.g., Moghaddam, 2008; Stark & Maier, 2008) and community (Davidson & Cotter, 1991) improves our happiness. This is because believing in a higher purpose provides feelings of security, belonging and a sense of meaning in our lives, all found to play an instrumental role in happiness (Ben-Shahar, 2007). While these may appear to be disconnected from our relationships to individuals, in his seminal essay on loyalty, Josiah Royce (1908) argues that it is our loyalty to these higher order constructs that unites us to many lives at once. Furthermore, it is clear that connections to faith and community often bring with them strong social connections.

Of particular relevance to positive marketing and this investigation, researchers and managers find that consumers can develop strong affectionate bonds with the products and services that they use (e.g., Carroll & Ahuvia, 2006; Chaudhuri & Holbrook, 2001; Fournier, 1998; Malefy, 2015–this issue). Yim, Tse, and Chan (2008 p. 743) argue that these affection-based bonds are the catalyst which leads to consumer loyalty and ultimately happiness. Research in the area of consumer satisfaction (Oliver, 2010) for example, proposes that consumer satisfaction and happiness are related constructs. Oliver and Linda (1981, pp. 89–90) note:

“Based on extensive work by Andrews and Withey (1976) and Campbell, Converse, and Rodgers (1976) on the meaning of satisfaction ... two related constructs, happiness (happy–unhappy) and pleasantness (pleasant–unpleasant) were thought to reflect emotions close to those involved in a satisfaction response.”

Furthermore, consumer loyalty is in part driven by the interactions and relationships customers develop with employees of the organization with which they conduct business (Rosenbaum, Ward, Walker, & Ostrom, 2007). This in turn influences the happiness of the customer (Cacioppo & Patrick, 2008) because humans all have an innate need to

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