



# The relationship between satisfaction and loyalty: A mediator analysis<sup>☆</sup>

Araceli Picón<sup>\*</sup>, Ignacio Castro<sup>1</sup>, José L. Roldán<sup>2</sup>

Universidad de Sevilla, Departamento de Administración de Empresas y Marketing, Av. Ramón y Cajal 1, 41018 Sevilla, Spain



## ARTICLE INFO

### Article history:

Received 1 April 2013

Received in revised form 1 October 2013

Accepted 1 November 2013

Available online 11 December 2013

### Keywords:

Alternative attractiveness

Loyalty

Satisfaction

Switching costs

Mediation model

## ABSTRACT

This study proposes a multiple mediation model to analyze the relationship between satisfaction and loyalty. The study's contribution to the literature is to examine, empirically, the main antecedents and determinants of this endogenous variable in greater depth. Thus, the research fills a gap in the literature through its analysis of the mediating role of perceived switching costs and the perceived lack of attractiveness of alternative offerings. This study applies variance-based structural equation modeling via partial least squares to a sample of 785 customers from 74 insurance companies in the service sector. The results show that perceived switching costs – to a greater extent – and the perceived lack of attractiveness of alternative offerings – to a lesser extent – are significant mediators in the relationship between satisfaction and loyalty.

© 2013 Elsevier Inc. All rights reserved.

## 1. Introduction

Among the academic and professional fields, interest is growing in identifying the factors that influence customer loyalty, with the aim of developing the most appropriate market action strategies. The literature establishes that satisfaction is the key determinant of customer loyalty (Oliver, 1999). Other constructs, however, such as perceived switching costs (PSC) and the perception of a lack of attractiveness of alternative offerings (AA), influence this relationship (Aydin, Özer, & Arasil, 2005).

The current research aims to probe deeper into the relationship between satisfaction and loyalty. To do so, the study sets out from the premise that the satisfaction level with the usual provider is the main factor in determining loyalty toward that provider (Zeithaml, Berry, & Parasuraman, 1996). In addition, satisfaction leads to higher PSC and reduces the degree of AA; considering both PSC and AA as antecedents of loyalty. Nevertheless, PSC and the degree of AA are more than just transmitters of the effects of satisfaction. These mediators are the focus on which the causes that determine the permanence of the relationship converge (Antón, Camarero, & Carrero, 2007).

Although some works analyze the mediating role of PSC in the relationship between satisfaction and loyalty (Aydin et al., 2005), the extant

literature does not consider PSC an aggregate construct that comprises a heterogeneous set of categories, each one susceptible to having positive and negative connotations (Colgate, Tong, Kwai-Choi Lee and Farley, 2007). Indeed, numerous authors (Wilcox, Howell, & Breivik, 2008) call for more research using formative constructs as mediators. Likewise, authors only analyze the influence of the degree of AA on the relationship between satisfaction and loyalty from the perspective of moderation, but not from the perspective of mediation (Capraro, Broniarczyk, & Srivastava, 2003). Consequently, this research sheds new light on the mediating role of PSC and AA in the relationships between satisfaction and loyalty. With this aim in mind, the study employs a multiple mediation model. The key takeaway from the findings is that considering these variables provides an alternative explanation for the divergent results in earlier works on loyalty.

## 2. Literature review and research hypotheses

### 2.1. Loyalty

Although the literature examines loyalty from different perspectives, the two most relevant perspectives are behavioral and attitudinal. Thus, the first approach conceptualizes loyalty as repeat purchasing behavior. According to this perspective, however, people may repeat their purchasing out of habit, because some barriers prevent them from switching providers, or because of a shortage of attractiveness of alternatives (AA). Thus, customers may maintain the relationship by obligation, developing a kind of spurious loyalty without having any positive feeling toward their provider (Bendapudi & Berry, 1997).

On the other hand, the attitudinal approach depicts loyalty as a psychological state (affective and/or cognitive) that the customer may attain as a result of the firm's relational strategy. The customer may

<sup>☆</sup> The authors acknowledge and are grateful for the cooperation and financial support of the Junta de Andalucía (Consejería de Economía, Innovación y Ciencia), Spain through the "Proyecto de investigación de excelencia P10-SEJ-6081." The authors thank Christian M. Ringle (Hamburg University of Technology, Germany) and María Ángeles Ramón-Jerónimo (Pablo de Olavide University, Spain) for reading and commenting on an earlier draft of this paper.

<sup>\*</sup> Corresponding author. Tel.: +34 954554426.

E-mail addresses: [araceli@us.es](mailto:araceli@us.es) (A. Picón), [icastro@us.es](mailto:icastro@us.es) (I. Castro), [jroldan@us.es](mailto:jroldan@us.es)

(J.L. Roldán).

<sup>1</sup> Tel.: +34 954554432.

<sup>2</sup> Tel.: +34 954554458.

voluntarily maintain that relationship on the basis of benefits he receives during the relationship (Caruana, 2004). This approach advocates the idea that the foundation of true loyalty is a positive attitude toward the firm. A positive attitude toward the provider is precisely what ensures a repeat purchasing behavior in the future. From this perspective, and unlike the previous relationship, customers are loyal because they really wish to maintain the relationship (Oliver, 1999).

With the aim of covering these two approaches, and following the definition that Gremler, Brown, Bitner, and Parasuraman (2001) propose, this study conceptualizes loyalty toward a specific provider as a multidimensional concept. Therefore, loyalty refers to the degree to which customers intend to repeat their purchases in the future (intention of future behavior), express a positive attitudinal willingness toward the provider (affective loyalty), and consider this provider the sole option for future transactions (cognitive loyalty).

Consequently, two main strategies to increase customer loyalty emerge: on the one hand, pleasing customers and providing them with complete satisfaction so that they wish to remain; on the other hand, hindering the switching process to a new provider (Balabanis, Reynolds, & Simintiras, 2006) by setting up switching barriers. The latter assumes the lack of available AA (Bansal, Taylor, & St. James, 2005). If customers perceive that the offers on the market are homogeneous, they will not associate any benefit with switching providers. Thus, the tendency to abandon the relationship decreases and, as a result, the degree of loyalty increases (Balabanis et al., 2006). Accordingly, this work analyzes how the PSC and AA influence the development of loyalty and mediate the relationship between customer satisfaction and loyalty.

## 2.2. The relationship between satisfaction and loyalty

Some services marketing scholars argue that satisfaction with the value of the product or service is the key determinant of customer loyalty (Zeithaml et al., 1996). Chen and Wang (2009) suggest a view of customer satisfaction as a kind of consistency evaluation between prior expectations and perceived service performance. Accordingly, the positive evaluation of the product or service that the customer acquires is a major reason to continue a relationship with a company's products or services, and an important pillar that upholds loyalty. Satisfied customers are thus more likely to repurchase, lower their price sensitivity, engage in positive word-of-mouth recommendations, and become loyal customers (Chen & Wang, 2009).

**H1.** Customer satisfaction has a positive relation with customer loyalty.

## 2.3. The mediating role of perceived switching costs

Through the creation of switching costs, firms can discourage customers from attempting to abandon the relationship, and increase the difficulties that the switching procedure entails. Recent literature recognizes that PSC is a multidimensional construct (Barroso & Picón, 2012). Therefore, the nature of these costs (relational, monetary, psychological, or associated with the time the switching process takes up) can be very different depending on the sector or industry.

Most works (Patterson & Smith, 2003; Tsai, Huang, Jaw, & Chen, 2006) show how PSC play an important role as regards satisfaction when explaining loyalty. In addition to their direct influence on loyalty, the existence of PSC means that the relationship between satisfaction and loyalty is not as direct or linear as some may expect (Jones & Sasser, 1995). Nonetheless, these results are somewhat inconclusive. On the one hand, some authors (Julander & Söderlund, 2003) defend the idea that PSC positively moderate this relationship by enhancing the links with retention, whereas on the other hand, several researchers (Woisetschläger, Lentz, & Evanschitzky, 2011) find a weak relationship between satisfaction and loyalty in those market segments with high PSC. Yet more works unearth no empirical evidence for the moderating effect (Burnham, Frels, & Mahajan, 2003).

All these findings point to the assertion that, rather than moderating, the PSC may mediate the relationship between satisfaction and loyalty. Along these lines, Oliver (1999) suggests that satisfaction is a necessary step in the loyalty building process, but that this variable becomes less significant when other mechanisms (such as social and personal bonds, the existence of contractual obligations, etc.) are influencing this loyalty. All these factors create switching costs that strengthen customer retention. Thus, specific studies defend the idea that customer satisfaction determines the level of PSC (Ngobo, 2004). Taking their cue from analysis of opportunity costs, the authors of these studies claim that customer satisfaction has a positive causal effect on the expected disadvantages of costs that the customer associates with switching providers. Hence, the greater the overall satisfaction, all else being equal, the greater the opportunity costs or loss of satisfaction that the customer will expect from the switch. Therefore, at a specific satisfaction level, the consumer perceives greater difficulties or associates greater uselessness in switching providers.

Furthermore, an extensive body of literature links the concept of switching costs to customer loyalty and to switching behavior (Ngobo, 2004). Thus, switching costs affect loyalty by hindering the switch to another provider, even when satisfaction with the current provider is low. Therefore, this research investigates the hypothesis that customer satisfaction levels determine the levels of their PSC, which in turn relate directly to customers' degree of loyalty:

**H2.** Perceived switching costs (PSC) mediate the relationship between customer satisfaction and loyalty.

## 2.4. The mediating role of attractiveness of alternatives

The variable attractiveness of alternatives (AA) appears in the literature as a factor that motivates and favors the switch to an alternative provider or, on the contrary, increases the loyalty to the usual provider. The definition of the degree of available AA is the customer's estimation of the likelihood of getting satisfaction from an alternative relationship (Bansal et al., 2005). Therefore, those customers satisfied with the performance of their usual provider will perceive that the other offers that exist in the market are less attractive than the current one. Customers will evaluate their provider comparatively with the rest of the alternative competitors, through a cost-benefit analysis, in such a way that if the customer perceives that the existing provider is superior, the benefit of the switch will be less.

Thus, satisfaction influences AA, because the individuals with a greater knowledge of the alternatives feel a greater inclination to break the relationship when they are dissatisfied with aspects such as service quality or price. In contrast, seriously considering switching is an inhibitory factor for those individuals with less knowledge (Antón et al., 2007).

Nevertheless, the firm does not control this variable in some situations, as the customer may decide to remain in the relationship given the market structure, or because, although alternative offers exist, these offers are outside the customer's range of options.

Hence, if customers are unaware of AA, or simply do not perceive any alternative offer as being more attractive than the current provider, they are more likely to remain in the relationship (Patterson & Smith, 2003). Although research contains extensive analysis of AA within the satisfaction-loyalty relationship (Wang, 2009), results are inconsistent with regard to its moderating effect on repurchase intention (Capraro et al., 2003). For this reason, this research analyzes the mediating effect of AA. Therefore, firms that try to differentiate themselves from their competitors by offering higher quality, more competitive prices, better customer service, and so forth – thereby increasing the level of satisfaction in the relationship – are working toward the reduction of AA (Antón et al., 2007), and are therefore stimulating customer loyalty.

**H3.** Attractiveness of alternatives (AA) mediates the relationship between customer satisfaction and loyalty.

Download English Version:

<https://daneshyari.com/en/article/1017813>

Download Persian Version:

<https://daneshyari.com/article/1017813>

[Daneshyari.com](https://daneshyari.com)