



Resisting temptation: gender differences in customer loyalty in the presence of a more attractive alternative

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ABSTRACT

Assessing customer's vulnerability to competitive offers and separating loyalty owned by employees versus company-owned loyalty are strategically important for a firm's survival. This paper investigates gender differences in the willingness to forego a more attractive alternative to stay loyal to a particular organisation or employee. Across three experimental studies the results suggest that female and male consumers are willing to forego a more attractive alternative, yet for different objects of loyalty. Whereas females tend to be loyal to individual employees; males concentrate their loyalty at the level of organisations. The paper concludes with several strategic implications for marketing managers with respect to strategic recourse allocation and relationship marketing.

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CHINESE ABSTRACT

评估客户在面对竞争性选择时的脆弱性以及区分客户对某位员工和对该员工所属公司的忠诚度，对企业的生存具有重要的战略意义。本文旨在探讨男女之间在是否放弃更有吸引力的选择而保持对特定组织或员工的忠诚度时所体现的性别差异。经过三项实验研究，结果均表明，女性和男性消费者都会愿意放弃更有吸引力的选择，但这是出于不同类型的忠诚度。女性倾向于保持对个别员工的忠诚；而男性更多的是保持对企业组织的忠诚。本文针对战略资源分配和客户关系营销总结出了几项战略要点，以供营销管理人员参考。

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1. Introduction

Enhancing customer loyalty is of strategic importance to companies because loyal customers are more profitable for the company, develop larger tolerance towards the downsides of the company, develop resistance to competitive offers and become less price sensitive (Cigliano et al., 2000). Therefore, it is not surprising that marketers are interested in factors enhancing customer loyalty (Brodie et al., 2011; Gustafsson et al., 2005; Melnyk, 2011a; Melnyk and Bijmolt, 2014; Tuu and Olsen, 2010). One intriguing finding in recent literature suggests that customer loyalty of men and women might be driven by different factors (Kivetz and Simonson, 2003; Melnyk and van Osselaer, 2012; Melnyk et al., 2009). Yet, the boundary conditions of this effect in unclear; in particular, it is unclear if there is still systematic gender differences in customer loyalty in the presence of a more attractive alternative.

This study represents a replication with an extension of the findings on gender difference in customer loyalty of Melnyk et al. (2009),

namely, this research focuses on the loyalty patterns in the presence of a more attractive alternative. Despite a large body of literature looking into customer loyalty and recent discoveries about gender difference in loyalty in particular, several problems with the previous operationalisation of the loyalty construct have been highlighted. Arguably, most studies on loyalty have used repeat purchasing behaviour or customer intentions as a proxy for loyalty (Johnson et al., 2006; Olsen, 2007; Rungie and Laurent, 2005), followed by alternative measures of customer revenue (van Heerde and Bijmolt, 2005) and customer profitability or equity (Kumar and Shah, 2004; Rust et al., 2004). At the same time, researchers continuously stressed that the commonly-used operationalisation of loyalty as repeat purchase behaviour (or related measures) is not sufficient and can be misleading because it does not take into account competition (Keaveney, 1995) and therefore does not fully reflect a consumer's resistance to switch to a competitor (Newman and Werbel, 1973; Oliver, 1999). For example, consumers might regularly shop at multiple stores – a phenomenon known as polygamous loyalty or repertoire markets (e.g., Sharp et al., 2002). Moreover, repeat purchase might indicate habitual buying (inertia) rather than loyalty (Seetharaman and Chintagunta, 1998). Further, repeat purchase may

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also simply indicate a lack of choice or alternative options, which are likely to be affected as soon as more alternatives become available. In contrast, loyalty implies commitment to a specific option despite any situational circumstances (Chaudhuri and Holbrook, 2001). However, methodologically there are not many means that would allow measuring causal effects of the situational circumstances, especially those in the form of competition. That is why this paper employs a series of experiments where the presence of alternative options is directly manipulated.

Jacoby and Chestnut (1978, p. 82) stressed that “before one could speak of loyalty he/she must have the opportunity of being disloyal”. Therefore, the invulnerability of a consumer to a potentially better competitive offer (either in terms of money or efforts) should be a reflection of true loyalty. It is the examination of gender differences in customer loyalty specifically in the presence of a better alternative that is of interest in this paper.

Research on loyalty stressed the importance of separating loyalty owned by employees versus loyalty owned by an organisation or a company (Bove and Johnson, 2002; Palmatier et al., 2007). For example, American Express estimated that approximately 30% of its investment advisers’ customers would leave if their adviser left the company (Tax and Brown, 1998). Therefore, the loyalty owned by the employee and loyalty owned by the company have completely different implications for a company’s strategy and the distribution of power between a company and its employees (Bendapudi and Leone, 2001). Moreover, the difference between employee-owned loyalty versus company-owned loyalty is likely to be further amplified by a more attractive alternative, because a more attractive alternative amplifies the temptation to be disloyal (Jacoby and Chestnut, 1978). Understanding the systematic differences in loyalty of male and female customers for individual employees versus organisations in the presence of a better alternative is crucial for companies, particularly those that depend on loyalty to individual employees.

The goal of this research is to investigate gender differences in the willingness to forego a more attractive alternative to stay loyal to a particular organisation or person. By replicating with an extension the findings on gender difference in customer loyalty of Melnyk et al. (2009), the study contributes to the understanding of how customer loyalty of men and women differ. In particular, this study investigated the borderline of the effects found in the previous literature (Melnyk, 2011b; Melnyk and van Osselaer, 2012; Melnyk et al., 2009). Namely, this research shows that fundamental differences between male and female customer loyalty exist in the presence of more attractive alternatives. Next, the research contributes to the current discussion in the literature about differences in strategies required to target male and female consumers (Dahl et al., 2009; Melnyk, 2011b; Melnyk et al., 2009; Melnyk and Bijmolt, 2014; Meyers-Levy and Maheswaran, 1991). Finally, this research has strategic implications for managers (e.g., for resource allocation, HRM and relationship marketing, including Customer Relationship Management (CRM)) because gender differences are reflected in the widespread use of gender as a segmentation variable in marketing practice.

2. Theoretical background

2.1. Customer loyalty

Loyalty has many different forms – for example loyalty to a significant other, a family, an employer, or a country (patriotism), but also to a service provider, a store, or a brand. Irrespective of the specific form, true loyalty implies that a person stays committed and acts in the interest of another entity (to whom/which he/she is loyal) even when he/she encounters another, possibly more attractive,

alternative (Oliver, 1999). In fact, a connection formed between the consumer and the company or brand that is stable over time *despite* situational influences is the core idea of customer loyalty (Fournier, 1998).

Over the years, researchers have investigated many antecedents of consumer loyalty to stores, companies, and brands (see Dick and Basu, 1994 or Oliver, 1999 for reviews) and have documented the nature of loyalty relationships (Aggarwal, 2004; Fournier, 1998; Muñiz and O’Guinn, 2001). Previous research has mostly focused on investigating customer loyalty antecedents among product or service related factors, such as satisfaction and perceived quality, which are viewed as necessary steps in loyalty formation (Oliver, 1999). Recent research stressed the importance of taking into account psychological factors, such as customer engagement (e.g., Brodie et al., 2011), trust and commitment (Bove and Johnson, 2002) as an important antecedent of customer loyalty. Yet, the psychological process that drives difference in loyalty among individuals is not well understood. However, the literature indicates that there are many different types of consumer brand relationships that may be loyal in different ways and do not all fit the metaphor of a committed, exclusive, marriage of love (see Fournier, 1998).

From an economic point of view customer loyalty is irrational, because it implies that people stick to a status quo option despite having an opportunity to switch to a better one; even when the price difference covers or exceeds the switching costs. Such irrational loyal behaviour may include, for example, an increase in number of purchases and corresponding expenditures, knowing that this behaviour would not be rewarded (Lal and Bell, 2003), or voluntarily choosing to paying a higher price for the same product (Chaudhuri and Holbrook, 2001; van Osselaer et al., 2004). In either case, customer loyalty reflects the extent to which customers go beyond the economic rationale in their attachment to a specific company, and are invulnerable to an at least as good or even better competitive offer once they have an opportunity to choose.

Not surprisingly, loyalty also has many definitions reflecting different aspects of this irrationality and willingness to forego a more attractive alternative. Sirgy and Samli (1985, p. 269) defined store loyalty as “a *biased*, behavioural response, expressed over time, by some decision-making unit, with respect to one or more alternative stores out of a set of such stores, and as a function of the psychological process”. Others have referred to psychological and behavioural commitment or attachment as important indicators of loyalty (Bhattacharya and Sen, 2003; Pritchard et al., 1999). Further, customer loyalty is defined in the literature as a deeply held commitment to re-buy or re-patronise a preferred brand, service or store consistently in future, which results in actual corresponding behaviour despite situational influence and marketing efforts having the potential to cause switching behaviour (Oliver, 1999).

Despite the many definitions of loyalty, a common element among them is that “there is a relationship of some sort (i.e. ranging from very shallow to very strong) between an actor and another entity and that the actor displays behavioural or psychological allegiance to that entity in the presence of alternative entities” (Melnyk et al., 2009, p. 82). Thus, true loyalty implies that a person stays loyal when he/she has the opportunity of being disloyal. Therefore, in this paper the invulnerability of a consumer to a potentially better competitive offer (either in terms of money or time and efforts) is used to investigate gender differences in customer loyalty.

2.2. Female and male loyalty

In a conceptual article, Baumeister and Sommer (1997) take an evolutionary perspective in proposing a view on the fundamental distinction between men and women. According to this view, which hitherto remains largely untested empirically (for a notable

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