



Are reward cards just a business deal? The role of calculative versus emotional card commitment in driving store loyalty



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ABSTRACT

Recent research has challenged the wide-spread use of reward cards in the retail/service sector by arguing that in many cases, they offer rewards that fail to add value and increase loyalty to the store (Leenheer et al., 2007; Meyer-Waarden, 2015). Consequently, researchers have examined a variety of loyalty programs in order to determine which specific designs have a greater impact on the program's performance (Bruegelmans et al., 2015; Meyer-Waarden, 2015). The underlying assumption of this view is that consumers will favour those programs which offer the "best deal", potentially excluding the role of consumers' affects in forming loyalty. In contrast to this view, this research draws on attachment theory to develop and test a more integrative model which concurrently assesses how consumers' emotional, normative and calculative commitment to the card impacts store loyalty. We demonstrate that it is not calculative but emotional commitment that drives store loyalty in the long term. We conclude by discussing the theoretical and managerial implications of our findings, which collectively call managers to rethink current CRM practices that emphasizes rewards as a driver of customer loyalty.

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1. Introduction

How can retailers develop long-lasting relationships with customers? Researchers have extensively studied the effect that CRM programs have on consumer behaviour (e. g. Liu and Yang, 2009), with an especial effort being allocated to determine which specific designs of reward programs have a greater impact on customer loyalty (Bruegelmans et al., 2015; Meyer-Waarden, 2015). Despite these efforts, research shows that even though reward cards can increase the number of customers by 30% and increase sales per customer by 1.7% (Cook, 2016) their impact on store loyalty is minimum (Bellizzi and Bristol, 2004; Meyer-Waarden, 2007; Verhoef, 2003).

An alternative view advances that reward cards are taken by customers as a "business deal", as they pursue benefits in exchange for supporting an organisation (Rust et al., 2000). Walsh et al. (2008) suggest that customers might continue to repurchase from the store at lower levels of satisfaction if the utility of the loyalty card far outweighs the forgone utility of decreased satisfaction. A primary assumption of this view is that customers will remain loyal to the program which offers high value and utility. But do they?

In this study, we aim to examine how and when a rewards card may prompt long-term commitment and loyalty to the store. We draw on attachment theory (Grisaffe and Nguyen, 2011) to propose that a consumer who uses a card for a sustained period of time will develop multiple satisfaction and trust judgments. We expect that producing multiple evaluations of the card over time will determine the customer's level of attachment to the card in the form of commitment, which in turn elicits loyalty towards the store. This rationale is in line with the literature on brand attachment which posits that consumers can develop post-purchase, usage-derived emotional commitment to brands (Kumar et al., 2015). Furthermore, we argue that the impact of the relationship between the consumer and the loyalty card will be moderated by the duration of the relationship (Lee et al., 2015). Several studies have examined the role of relationship duration, albeit in a business-to-business setting (see Kumar et al. (2003)), and with mixed or inconclusive findings (Lee et al., 2015). Our expectations are in line with literature which posits that trust and satisfaction are key antecedents of loyalty (Aurier and de Lanauze 2010; Hennig-Thurau et al., 2002), but we further examine how and when consumers' evaluations of a loyalty card can drive store loyalty through the mediating role of customer commitment. Specifically, we aim to determine whether deal-based, calculative commitment has a greater impact than emotional and normative commitments on eliciting store loyalty in the long term.

Thus, this current research addresses three major gaps in the literature. First, the literature has focused on the short-term effects

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of reward programs (Zhang and Breugelmans, 2012), while their long-term effects remain largely unexplored (Kopalle et al., 2012) and challenged (Chai et al., 2015; Walsh et al., 2008). Therefore, we aim to expand current knowledge regarding how and when reward programs elicit strong customer commitment in the form of a desire to stay in the relationship, an issue of clear import to marketers. We draw on the literature on emotional attachment to propose that positive satisfaction and trust judgments of the card will elicit strong emotional commitment to the card over time, which in turn positively impacts store loyalty. Second, we propose that the mediating role of emotional commitment to the card will have a stronger effect on store loyalty than other forms of commitment which are generally related to the rewards of the card, such as normative or calculative commitments. Finally, we examine whether relationship duration moderates the relationship between customer card commitment and store loyalty. In doing so, we expect that including relationship duration as a moderator in our model will reveal whether customers' commitment to the card and loyalty to the store evolve over time. Our expectations are in line with Plakoyiannaki and Saren (2006, p. 18), who state: "Relationship duration offers significant insights for a more meaningful conceptualisation and interpretation of phenomena linked to relationship marketing".

We organise the paper as follows. First, we provide the theoretical background, develop our conceptual model and advance hypotheses. In the methodology section, we describe our data collection and test our hypotheses. We conclude with a discussion of contributions, limitations and recommendations for future research.

2. Research framework and hypotheses development

The literature on attachment theory and relationship marketing defines commitment as a desire to maintain a valued relationship (Cater and Cater, 2009; Morgan and Hunt, 1994) and distinguishes three main dimensions of personal commitment to an object, an organisation or an individual: emotional commitment, normative commitment and calculative commitment (Allen and Meyer, 1990; Fullerton, 2014). Emotional commitment is generally characterised as a condition where the customer has identification-based affective attachment to the object (Lewicka, 2014). Normative commitment is seen as a feeling of reciprocal or moral obligation to stay with the relational partner and is developed when there is a psychological contract (Meyer and Allen, 1991; Meyer and Parfyonova, 2010). Finally, calculative commitment refers to the need to maintain a relationship given the significant loss of benefits and/or anticipated switching costs associated with leaving (Geyskens et al., 1996; Lewicka, 2014). Relevantly, all these forms of personal commitment are expected to impact behavioural responses. For instance, strong emotional commitment in a romantic relationship leads to a higher willingness to make sacrifices for or to invest in the relational partner (Fraley and Shaver, 2000). Emotional commitment to a brand shows that bonding with the attachment object induces the desire to prolong the connection felt with the brand through actively avoiding separation and switching (Grisaffe and Nguyen, 2011), which enhances long-term effects in the form of repurchases and loyalty (Thomson et al., 2005).

It seems reasonable to expect that if commitment increases one's desire to stay in a relationship, then customer commitment to a reward card should increase the desire to stay in a relationship with the retailer or service provider. We propose an integrative model (Fig. 1) in which customer commitment to a reward card will translate into long-term, relational-based store loyalty. This is important because it advances the novel proposition that

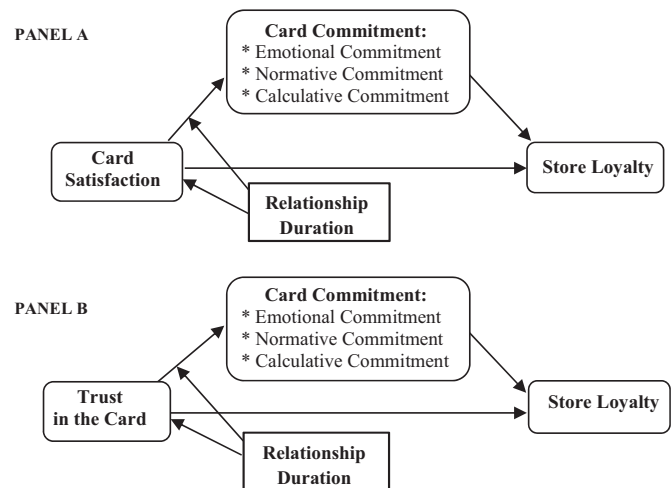


Fig. 1. Conceptual moderated mediation model.

commitment to an object (e. g., a reward card) can turn into a desire to prolong a connection with a related object (e. g., the store). Feelings of attachment, connectedness and commitment to a loyalty card can be used as a projective strategy to build positive responses towards the store (e. g., loyalty). Moreover, affective and calculative commitments are both seen as two key components of customer retention and play a key role in the intensely competitive retail sector (Gustafsson et al., 2005). This suggests that there is a possible link between reward cards and both affective and calculative commitment due to psychological and economic benefits. We develop our conceptual model and hypotheses in the following sections.

2.1. The relation between card satisfaction, card commitment and store loyalty

Satisfaction with a reward card has been conceptualized as the post experience, subjective evaluation of the extent to which the loyalty card answers or exceeds the customer's expectation (Demoulin and Zidda, 2008; Nesset et al., 2015). Satisfaction has been shown to positively impact repurchase behaviour (Anderson and Mittal, 2000), retention (Gustafsson et al., 2005) and customer loyalty (Jack and Powers, 2013). However, the effect of satisfaction on customer loyalty still remains a controversial topic. On one hand, research suggests that customer satisfaction is an antecedent to commitment and loyalty (Alegre and Cladera, 2009; Hennig-Thurau et al., 2002; Streukens and Ruyter, 2004), as customers who accumulate positive experiences tend to develop more enduring relationships (Demoulin and Zidda, 2008; Hennig-Thurau and Klee, 1997). Leenheer et al. (2007, pp. 34) further supports this position: "Knowing that you are provided with better value than others creates feelings of being a preferred or special customer, and thereby further stimulates loyal behaviour". On the other hand, some studies suggest that satisfaction does not have an impact on loyalty (Jones and Sasser, 1995; Verhoef, 2003).

In relation to customer commitment, we know that committed customers repeat purchases (Wong and Sohal, 2002), develop a more continuous interaction and communication with the company and display lower switching intentions (Keh and Xie, 2009). Moreover, customer commitment leads to customer retention and increased retailer's share of wallet (Magi, 2003). However, the literature regarding the effect of reward cards on customer commitment is mixed. Kim and Lee (2010) suggest that emotional attachments to the card may have a larger impact in a longer time period, but Moore and Sekhon (2005) state that card holders display low commitment, low trust and low perceived relational

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