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Can fast-food consumers be loyal customers, if so how? Theory, method and findings

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ABSTRACT

Customer loyalty studies generally indicate that fast-food customers are not genuinely loyal to brands or products mainly because they function under low-switching cost conditions. The purpose of this research is to empirically study whether fast-food customers genuinely become loyal and, if so, how. The study adopts the theory and method of the satisfaction-trust-commitment-loyalty explanation chain and examines the consumer survey results obtained under conditions of low-switching costs. Analyses of the results indicate that the proposed relationships provide appropriate explanatory power for the phenomenon at hand and that fast-food customers truly become loyal despite conditions of low-switching costs. The findings and the research and practical implications are thoroughly discussed.

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1. Introduction

The fast-food industry was selected for this study because services in this industry are often rapid, convenient, and relatively inexpensive, thereby making customer switching costs relatively low; that is, consumers can easily switch among different providers. Fast-food consumers are considered low-switching cost buyers, so they are not seen as potential or prospective loyal customers (Dwyer et al., 1987; Garcia-Acebron et al., 2010; Gremler and Brown, 1996; Wang, 2010).

In contrast, high-switching cost buyers tend to stay in the buyer-seller relationship mainly because switching to a new supplier would cost money, time, and effort, buyer costs that create a psychological barrier to switching (Gremler and Brown, 1996). Research shows that consumers maintain loyalty to the same supplier for a longer time when switching costs are high or when attractive alternatives do not exist (Garcia-Acebron et al., 2010). Of course, customers' expectation of high switching costs may heighten their interest in maintaining the relationship (Dwyer et al., 1987), whereas anticipation of low switching costs may prompt their switching to different service providers (de Ruyter and Wetzels, 1998; Tsai et al., 2010; Wang, 2010), thereby causing service providers to fear termination of the relationship (Morgan and Hunt, 1994).

The fast food industry offers, then, the required conditions to study and figure out how customer loyalty occurs in low-switching environments, if it does it at all. If it does, its study may clarify the

development process and its drivers. It may also help dispel the apparent paradox of customers becoming loyal to services that are geared toward low-switching cost consumers.

The purpose of this research is to explore how fast-food consumers become loyal customers if they become loyal at all. This study follows a theoretical framework in which (1) "true" customer loyalty, not just "spurious" loyalty, is explained, (2) satisfaction is more comprehensibly evaluated in services by adding satisfaction with the transaction to satisfaction with the product, (3) customer loyalty is explained by relational drivers (trust and commitment) in addition to the transactional drivers (satisfaction). The latter approach constitutes an explanation chain because the logic of effects becomes sequentially seeded from satisfaction to trust, to commitment, and finally to customer loyalty.

The first part of the study presents the theoretical framework and discusses the relationships among loyalty, satisfaction, trust, and commitment to formulate the hypotheses to be empirically tested. Next, the methodology and results of the study are presented and discussed along with the implications of the most important findings. The limitations of the study and some suggestions for future research are presented last.

2. Theoretical framework

This section briefly reviews the "true" nature of customer loyalty in contrast to the frequently employed concept of "spurious" loyalty, also described as "repeated purchase." In this discussion, transactional satisfaction is added to product satisfaction in order to better understand customer satisfaction in services, albeit fast-food services.

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Finally, the discussion addresses the relational nature of customer loyalty as it depends not only on transactional results such as customer satisfaction but also, and more importantly, on relational drivers, in particular trust and commitment. Thus, the explanation chain formed by the sequential relationships between customer satisfaction and trust, trust and commitment, and commitment and customer loyalty is made evident.

2.1. “True” customer loyalty

Customer loyalty has been examined using several approaches, two of which are paramount. The first approach focuses on repeated purchase or behavior intention (Ehrenberg et al., 1990; Kahn et al., 1986) and, thus, relies on consumer behavioral outcomes. This approach is the basis for customer loyalty programs in some industries. For example, some restaurants encourage consumer repurchases and reward behavioral loyalty through programs offering discounts or free meals after a number of purchases. Clearly, these programs attempt to cultivate behavioral loyalty alone. Behavioral approaches have been criticized for having a narrow view of the phenomenon (Day, 1969), so attitudinal approaches have emerged as a reaction to this limited view of loyalty.

The second approach focuses on consumer attitudes (Oliver, 1980, 1999) and, thus, relies on consumer attitudinal characteristics. According to Oliver (1980), attitude is the consumer’s relatively long-lasting affection towards an object or an experience, considered a crucial component in developing customer loyalty (Assael, 1987).

Individually, behavioral and attitudinal approaches focus on specific but limited aspects of customer loyalty. Combining key features of both approaches yields a robust understanding of customer loyalty. First, the combination represents a richer concept of loyalty because it includes the key dimensions of customer loyalty: cognitive, affective, conative, and behavioral (Oliver, 1999). Second, “true” loyalty must include all relevant components of loyalty, in both consumer areas of concern, behavioral and attitudinal (Baloglu, 2002; Dick and Basu, 1994). Behavioral loyalty alone would be “spurious”; attitudinal loyalty alone would be “latent” (Dick and Basu, 1994). The attitudinal dimensions fundamentally include consumer cognitive and affective traits (Dick and Basu, 1994; Lee and Zeiss, 1980). And third, a comprehensive notion of customer loyalty is better suited for capturing the effects of relational factors in the examination of fast-food customer loyalty.

2.2. Customer satisfaction with the product and the transaction

Customer satisfaction is the emotional response resulting from a cognitive process of evaluating the obtained product or service against the cost of obtaining it (Rust and Oliver, 1994; Woodruff et al., 1991). Congruently, it is cumulative on the basis of the overall consumption experiences of the customer, but also transaction specific (Boulding et al., 1993). The latter characteristic seems to be more relevant in services, while the former may be dominant in goods.

In the case of fast-food services, the transactional dimension seems to be more important than its consumption dimension. Customers may get more satisfaction from the quick and convenient service at fast-food restaurants than from the actual food purchased.

2.3. Relational drivers of customer loyalty: Trust and commitment

If customer loyalty is driven by satisfaction alone, the success of each transaction impacts loyalty. Transaction failure would obviously produce customer dissatisfaction, in particular transactional dissatisfaction. Conversely, if customer loyalty is driven by relational drivers, in particular trust and commitment, the success of the relationship maintains the loyalty. Let’s examine each perspective.

Existing studies on customer loyalty juxtapose diverse views on the role of satisfaction in developing customer loyalty. On one hand, satisfaction is seen as directly influencing customer loyalty (Callarisa et al., 2009; Hallowell, 1996; Pan et al., 2012). However, satisfaction is not the sole condition required for generating customer loyalty because, although satisfaction is a prerequisite for loyalty, it is not sufficient to develop customer loyalty (Bloemer and Kasper, 1995). Indeed, the relationship between satisfaction and loyalty seems to be asymmetric: When a customer is loyal, we can say that he/she is satisfied; however we cannot say the opposite (Jones and Sasser, 1995; Oliver, 1999).

Therefore, customer loyalty may depend more on relational drivers, like trust and commitment, than on transactional drivers, like customer satisfaction. The mediating role of trust and commitment derives from the B-to-B literature. To be confident about the services customers receive from suppliers, they must be able to trust them. Trust is an important ingredient for successful relationships and leads to cooperative behaviors (Morgan and Hunt long-term benefits of staying with existing partners resisting attractive short-term alternatives with others, and sustain the belief that their partners will not act opportunistically. The presence of both drivers promotes efficiency, productivity, and effectiveness (Morgan and Hunt, 1994).

Trust is also relevant in generating customer loyalty in B-to-C relationships (Macintosh and Lockshin, 1997). Various streams of current research incorporate trust and commitment as mediating variables in the relationship between customer satisfaction and loyalty (Agustin and Singh, 2005; Garbarino and Johnson, 1999; Gustafsson et al., 2005; Vasquez-Parraga and Alonso, 2000).

2.4. The key antecedents of customer loyalty constitute an explanation chain

An explanation chain uses more than an explanatory variable to explain a dependent variable. At least one mediating variable is used to understand the effects of the independent variable on the dependent variable. As a result, an explanation chain requires sequential linkages that should be deep enough but not fall into an infinite regress (Hunt, 2010). In this study those linkages are as follows:

Customer Satisfaction → Trust → Relational Commitment → Customer Loyalty

Satisfied fast-food customers are able to develop or embrace trust relationships, which in turn engender relationship commitment, which in turn result in customer loyalty. Starting at the other end, customers are more likely to become loyal to brands with which they have developed a commitment rather than brands for which they have no commitment; customers are more likely to develop a commitment with brands they trust rather than brands they do not trust; and customers are more likely to trust brands with which they are satisfied rather than those with which they are not satisfied.

Therefore, this study proposes that

P₁. Fully satisfied fast-food customers develop or embrace trust relationships, which in turn engender relationship commitment, which in turn results on true customer loyalty.

Besides the sequential linkages that explain customer loyalty, and that distinguish this contribution, each specific linkage is positive and significant, as depicted in previous research.

Customer satisfaction was found to be linked to trust under the expectation-confirmation theory and the social exchange theory. Empirical studies suggest that customer trust and customer expectations have positive influences on customer satisfaction (Kim et al., 2003). Yet, other scholars found that satisfaction is an antecedent of trust (Casalo et al., 2007; Flavian et al., 2006).

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