Revista Española de Investigación de Marketing ESIC

ARTICLE

Effect of customer heterogeneity on the relationship satisfaction–loyalty

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Abstract   The need to study the differences among consumers due to their behavioural heterogeneity and the highly competitive consumer markets is recognized. In this paper, we analyse the potential heterogeneous shopping assessment in retail and how that experience may influence on consequent customer loyalty in a different way. The effects of satisfaction on attitudinal and behavioural loyalty and positive word of mouth are estimated by a finite-mixture structural equation model, and unobserved heterogeneity is analysed simultaneously. The results show that there are three latent segments where the strength of causal relationships differs which mean that there is an overestimation of the impact of customer on loyalty when heterogeneity is ignored.
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Efecto de la heterogeneidad de los clientes sobre la relación satisfacción-lealtad

Resumen   Se reconoce la necesidad del estudio de las diferencias entre los consumidores debido a sus patrones de comportamiento heterogéneos y a la alta competitividad en los mercados de consumo. En este artículo analizamos la evaluación heterogénea de la compra en el comercio minorista y cómo esa experiencia puede influir en la lealtad del cliente de una manera distinta. Los efectos de la satisfacción sobre la lealtad actitudinal, conductual y el boca-oreja positivo se determinan mediante un modelo de ecuaciones estructurales de mezclas finitas, y simultáneamente se analiza la heterogeneidad no observada. Los resultados demuestran que hay 3 segmentos latentes en los que varía la intensidad de las relaciones causales, lo que significa que se sobrestima el efecto de la satisfacción del cliente sobre la lealtad cuando se ignora la heterogeneidad.
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Introduction

Satisfaction is a crucial objective for customers and managers of retail establishments and a concept of great interest in consumer research (Cooil, Keiningam, Aksoy, & Hsu, 2007). Similarly, loyalty is one of the main priorities in marketing and is particularly relevant in the field of retail distribution due to the competition in this sector, scanty product differentiation and the difficulty of capturing new customers (Cortiñas, Chocarro, & Villanueva, 2010). Furthermore, service loyalty research still has certain limitations and there is disagreement over the concept and how it is measured (Bennett & Rundle-Thiele, 2004; Buttle & Burton, 2002).

The relationship between satisfaction and loyalty seems to be obvious, but even now analysis of the effectiveness of satisfaction to predict customer loyalty is a topic of interest and debate (Kumar, Pozza, & Ganesh, 2013). Various works highlight the limited influence of satisfaction on repeat purchase behaviour and intentions (e.g. Szymanski & Henard, 2001; Verhoef, 2003), and the importance of other variables that explain loyalty better (e.g. Agustin & Singh, 2005). This satisfaction–loyalty link can be extremely sensitive to factors such as sector of activity, type of customers or the antecedent, and moderator and mediator variables that involve in the relationship (Kumar et al., 2013).

In addition, market segmentation is one of the basic pillars of marketing, especially in companies in the tertiary sector (Díaz, Iglesias, Vázquez, & Ruíz, 2000). Service providers recognise that they can increase profits by identifying groups of customers with different behaviours and responses (Rust, Lemon, & Zeithaml, 2004). Given the need to adapt commercial strategies to the specific requirements of each group of customers, the study of segmentation continues to be a topic of interest even now (Becker, Rai, Ringle, & Völckner, 2013; Floh, Zauner, Koller, & Rusch, 2013). It is therefore necessary to understand market heterogeneity to improve the process that leads to loyalty. In companies in the retail sector in particular, identifying different consumer profiles is the key to improve the efficiency and effectiveness of marketing strategies (Theodoridis & Chatzipanagiotou, 2009).

Procedures used to find homogeneous groups of consumers have been evolving towards modelling unobserved heterogeneity with latent segmentation methodology. This methodology enables identification of segments that are ''*intuitively more attractive, more realistic and theoretically more accurate*'' (Lilien & Rangaswamy, 1998, p. 60). Another of the main benefits of the latent approach lies in the fact that it is based on a probability distribution model that enables joint identification of segments and estimation of population parameters (Dillon & Mulani, 1989) and therefore enables predictions on dependent variables under a common modelling structure (Cohen & Ramaswamy, 1998). In addition, this modelling is particularly interesting for commercial managers when it comes to implementing their relationship marketing strategies at segment level (Cortiñas et al., 2010; Grewal, Chandrashekaran, Johnson, & Mallapragada, 2013).

Our proposal is intended to contribute to this line of research by analysing unobserved heterogeneity on service evaluation by customers of retail establishments, to further our understanding of how that evaluation impacts on the satisfaction–loyalty relationship from their multidimensional perspectives. This work is organised in three parts. Firstly, based on a review of the literature, we define the theoretical framework for approaching the variables satisfaction and loyalty, which are the basis for the proposed causal model. There is also in-depth explanation how heterogeneity is treated in causal equations. This theoretical framework provides the basis for a series of research hypotheses. Secondly, we establish the methodology used in the empirical research and evaluate the findings. Finally, we report the most significant conclusions which can be drawn from this study and possible managerial implications.

Conceptual framework

Satisfaction

Satisfaction has been defined in the literature from different perspectives, from approaches that point to the specific or accumulative nature of the transaction (Boulding, Kalra, Staelin, & Zeithaml, 1993) to cognitive and/or affective approaches (Oliver, 1997). In the first of these groups, satisfaction over a concrete experience is an approach shared by many authors (e.g. Giese & Cote, 2000; Spreng, Mackenzie, & Olshavsky, 1996). However, in the service context, satisfaction is considered to refer to a set of accumulated experiences (Cronin & Taylor, 1994; Jones & Suh, 2000), and especially in the area of retail distribution because in this scenario consumers evaluate the establishment's ability to continuously deliver the benefits they seek. Therefore, following the approach of other studies applied to the retail context (Sivadas & Baker-Prewitt, 2000), our work regards satisfaction as the global evaluation of a customer's experiences in the shop.

As regards the second group, from the purely cognitive perspective, the classic definition from Oliver (1997, p. 3) points out that satisfaction is ''*a judgement the individual emits over the pleasurable level of compliance or performance of a product or service*''. In this approach, the disconfirmation of expectations theory is the most widely accepted in the literature (Oliver, 1980). From a more affective perspective, one of the most representative definitions is from Giese and Cote (2000, p. 3) who consider that satisfaction is ''*a set of affective responses of variable intensity that occur at a specific moment in time when the individual evaluates a product or service*''. In addition, other authors defend the convergence of both approaches. For example, Lovelock and Wirtz (1997, p. 631) define satisfaction as ''*a person's feeling of pleasure or disappointment resulting from a consumption experience when comparing the result of a product with their expectations*''.

There is a stream of research that focuses on the study of the relationship between cognitive satisfaction and affective satisfaction. Oliver (2010) points out that cognitive satisfaction is preceded by an affective process, that is, regardless of expectations, consumers form positive or negative impressions of a product or service that directly influence their satisfaction. Empirical evidence in the area of services confirms the contribution of affective