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Customer commitment to luxury brands: Antecedents and consequences☆

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ABSTRACT

The intensifying competition in the luxury sector necessitates the need for managers to identify the factors underpinning customers' commitment to a luxury brand. Understanding commitment not only provides an insight into the question of how customers commit but also uncovers why customers commit to a particular brand. Using a questionnaire-based survey with customers, this research examines the antecedents and consequences of customer commitment to luxury brands. The findings indicate the differential influence of various antecedents on affective, calculative and normative commitment, and highlight the role played by these forms of commitment on consumption satisfaction and advocacy intentions. The results demonstrate the importance of affective commitment as a relationship enhancer, and identify managerial implications for customer commitment to luxury brands.

1. Introduction

The luxury sector is changing given the increasing demand for luxury goods globally (Kapferer & Bastien, 2009). Vigneron and Johnson (1999) define luxury as the highest level of prestigious brands encompassing several physical and psychological values. The fundamental motives for acquiring luxury brands relate to buying to impress others or interpersonal aspects (Berry, 1994; Kastanakis & Balabanis, 2014; Leibenstein, 1950), as well as personal and hedonic factors (Dubois & Laurent, 1994; Wiedmann, Hennigs, & Siebels, 2009). Such 'benefits' have spurred a rapid expansion of the luxury market (Dubois, Czellar, & Laurent, 2005; Shukla, 2012). Although lacking in spending power in comparison to the affluent customers, even the middle-class customers are increasingly engaging in luxury consumption, as reflected in the substantive growth of luxury brands (Bain & Company, 2013).

Further, luxury consumption is intrinsically an act of distinguishing oneself by being conspicuous, and a luxury brand can act as a social marker (Kapferer & Bastien, 2009). Prior research suggests that luxury brands are capable of providing status elevation (Han, Nunes, & Dreze, 2010), socio-psychological benefits (Wiedmann et al., 2009) and involve higher cost of acquisition due to the increased monetary and affective sacrifices (Shukla & Purani, 2012). Customers are, therefore, expected to show greater commitment for a luxury brand than for a regularly purchased brand. However, industry analysts indicate that today's luxury customers shop around and are less likely to rely on trusted luxury brand names alone (Luxuryfacts, 2012). Such a phenomenon highlights the challenges faced by the luxury brands in terms of decreasing customer commitment and loyalty (Euromonitor, 2014). The proliferation of luxury brands and the consequent opportunities for the customers to switch, rather than commit, presents a paradox to the marketers and raises important questions about the issue of commitment towards luxury brands. While industry reports are identifying the emergent phenomenon of changing commitment levels among the luxury customers (Euromonitor, 2014), so far, there is no academic empirical research evidence on customer commitment in the luxury sector.

The mainstream consumer research identifies commitment as a pivotal component in developing and maintaining long-term mutually beneficial relationships (e.g., Bansal, Irving, & Taylor, 2004; Morgan & Hunt, 1994). Similarly, in the customer relationship stream, commitment is recognized as a key precursor to the attainment of valuable outcomes, such as disconfirmation process (Raju, Unnava, & Montgomery, 2009a, 2009b), future intentions (Bansal et al., 2004) and profitability (Anderson & Weitz, 1992). In marketing, there is a growing body of research examining brand commitment, and examples include works by Agrawal and Maheswaran (2005), Eisingerich and Rubera (2010), Raju et al. (2009a, 2009b) and Rucker, Tormala, Petty, and Brinol (2014). The notion of commitment towards luxury brands, however, remains empirically unexplored. From a customer perspective, given

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the high price and prestige associated with the consumption of a luxury brand, customers are likely to be highly conscious of the brands they use (Vigneron & Johnson, 1999). Since a luxury brand can signal exclusivity and a halo effect, its credibility is crucial to the customer (e.g., Han et al., 2010; Shukla, 2011). Due to the above inherently unique properties of a luxury brand, its customers are likely to display a degree of commitment for their favorite brand. In view of these well-accepted multi-layered motives behind luxury consumption, how customers commit to a luxury brand and what the consequent impact is on their behavior are pertinent research questions that warrant attention in order to enhance the understanding of this growing sector.

The concept of commitment is thus central to understanding customer behavior in the luxury sector and is important for the managers of luxury brands. This research, therefore, focuses on the factors shaping customer commitment towards luxury brands, and the consequences. Consistent with prior studies that treat the concept of commitment as a multidimensional construct (Bansal et al., 2004; Eisingerich & Rubera, 2010), this research employs a comprehensive conceptual framework consisting of the affective, calculative and normative dimensions of customer commitment, originally developed by Allen and Meyer (1990) in the domain of organizational science. The framework is widely applied for empirical research in a number of disciplines, including marketing. The three components of commitment are based on well-defined constructs and capture both affective and attitudinal (i.e., calculative and normative) aspects of customer behavior. This research, therefore, adopts the Allen and Meyer (1990) framework for understanding customer commitment towards luxury brands, and examines the following research questions: (a) what are the antecedents that influence commitment components in luxury context, and (b) what is the relationship between the components of commitment, consumption satisfaction and advocacy intentions? In answering these questions, the research makes theoretical contributions to the luxury consumption literature, and offers suggestions to the managers of luxury brands for maintaining and enhancing commitment amongst their customers.

2. Conceptual background and hypotheses

Dwyer, Schurr, and Oh (1987, p.19) define commitment as an implicit or explicit pledge of relational continuity between exchange partners. Moorman, Zaltman, and Deshpande (1992, p.316) state that commitment is an enduring desire to maintain a valued relationship. Commitment also implies a willingness on the part of both partners to make short-term sacrifices to realize long-term benefits in the relationship (Anderson & Weitz, 1992). The central tenet of the definitions is that commitment is characterized by a disincentive to replace relationship partners.

The construct of commitment (Allen & Meyer, 1990; McGee & Ford, 1987) and its related literature emerge from the organizational science stream, where it is employed to investigate how employees commit to their firm. The construct is increasingly used in consumer research for examining customers' comparison of brands (e.g., Agrawal & Maheswaran, 2005; Eisingerich & Rubera, 2010; Raju et al., 2009a, 2009b; Rucker et al., 2014). Commitment also corresponds with other constructs such as brand loyalty, customer loyalty and brand attachment, wherein the customer demonstrates loyalty by purchasing a specific brand repeatedly (Park, MacInnis, Priester, Eisingerich, & Iacobucci, 2010). In addition, commitment overlaps with customer relationship management, where customers' commitment often results from the efforts put in by an organization to satisfy the customer (Cailleux, Mignot, & Kapferer, 2009). While the existing literature provides invaluable insights on commitment in the consumer domain, it focuses on regularly purchased brands rather than luxury brands, examining how individuals evaluate the competing options. This research, therefore, adds to knowledge on customer behavior towards luxury brands. Further, it complements the research stream on brand commitment by investigating the antecedents and consequences of commitment specifically towards the luxury brands, by employing the three-component model developed by Allen and Meyer (1990).

Allen and Meyer (1996, p. 253) define affective commitment as identification with, involvement in, and emotional attachment to the organization. More recently, in the context of customers and their relationships with organizations, affective commitment is described as a desire-based attachment (Bansal et al., 2004, p. 236), denoting the customers' desire that they want to be with the company or buy the product because they are sincerely committed to it. Fullerton (2005, p. 1385) describes affective commitment as the foundation on which relationships are built and therefore emphasizes the importance of affective commitment. Customers who are affectively committed stay with the company or the brand because of their sincere attachment and the feeling of strong bonding. Affective commitment is usually a consequence of prior positive experiences resulting in the customer developing a strong relationship with the provider. Such positive experiences are crucial for luxury brands as they rely upon experiential positioning and continuously strive to build long-term relationships (Cailleux et al., 2009).

Calculative commitment refers to a more functional relationship the customer has with a company. The construct is defined as a constraint-based relationship that is formed due to the cost an employee would face, if they were to leave the firm (Allen & Meyer, 1990). In this sense, calculative commitment relates to the feeling of having to stay with the company, either due to less attractive alternatives or no alternatives (Bansal et al., 2004). The concept of calculative commitment is applied extensively in business and consumer research to investigate a variety of issues, such as the antecedents of brand loyalty (Li & Petrick, 2008), brand–customer relationship (Tsai, 2011) and relationship in the services (Dalziel, Harris, & Laing, 2011). The cognitive mechanism behind calculative commitment is described as the state of attachment to a partner, cognitively experienced as a realization of the benefits that would be sacrificed and the losses that would be incurred if the relationship were to end (Gilliland & Bello, 2002, p. 28). Sharma, Young, and Wilkinson (2006) argue that it implies a negative cognitive commitment—a dispassionate, though rational evaluation of the costs and penalties associated with switching. Another explanation by Bendapudi and Berry (1997) suggests that when the dedication to a service provider is low but the levels of constraints are high, the customer will have no alternative but to stay as a hostage. The above evidence suggests that a customer may calculate the potential loss of benefit due to switching, along with the attractiveness of the available alternatives. Given that luxury brands are marketed as unique products (Shukla, 2012), and are sold at high prices, customers are likely to evaluate the benefits of staying with the brand or switching to a competitor, significantly higher than they would do so for non-luxury brands. Additionally, as discussed earlier, recent industry reports indicate increasing switching behavior in the luxury sector. Therefore, understanding the causes and consequences of calculative commitment for the luxury brands merits further attention.

Initially identified as part of the loyalty construct in the organizational behavior literature, normative commitment is conceptualized as an obligation towards the organization (Allen & Meyer, 1996). Normative commitment is defined as a form of relationship that is based on subjective norms established over time, where the customer feels that they ought to stay with the company (Bansal et al., 2004). This concept is shaped by the perception of the customer, which in turn, can be influenced by factors such as the social environment. The relevance of societal norms with regards to luxury brands is shown by Shukla (2011, 2012), suggesting that customers are influenced by their social environment and act in such a way as to please their peers, or try to integrate themselves significantly with the brand. A customer who is attached to a luxury brand due to normative commitment will therefore stay with the brand to demonstrate his loyalty and sense of obligation in order to align his feelings with the need to conform. Since luxury