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Research Paper

A quest for destination loyalty by profiling loyal travelers

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ABSTRACT

Consumer loyalty is one of the most critical marketing constructs and has received ample academic attention. However, despite many studies on consumer loyalty in different fields, including tourism and hospitality, the results on drivers of consumer loyalty are not fully defined. As a complex tourism product, destinations, in particular, pose challenges for understanding what affects loyalty or disloyalty. The current study uses two large data sets to profile consumers of different loyalty levels in order to better understand destination loyalty. Results show that loyal consumers are different from others in socio-demographic, psychographic and behavioral characteristics. Results also show that attitudinal loyalty may be a better indication of loyalty than both future visit likelihood and the number of past visits.

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1. Introduction

Consumer loyalty, the business world's 'new Holy Grail' (Henry, 2000, p. 13), is believed to cause high profitability through lower costs of serving the familiar customer, who are known to purchase more, pay higher prices and willingly offer word-of-mouth recommendations about the product or brand to others (Bowen & Shoemaker, 2003; Gounaris & Stathakopoulos, 2004; Reichheld, 1996; Skogland & Siguaw, 2004). Ample attention from practitioners resulted in diverse types of loyalty programs in the tourism and hospitality industry as well, mostly on behalf of airlines, hotels and restaurants. Researchers also conducted many studies investigating the loyalty concept in tourism and hospitality, eventually boiling it down to an attitudinal and behavioral concept inclusive of several attitudinal and behavioral indicators. Although some studies specifically focused on destination loyalty, results are inconclusive in terms of understanding the characteristics of loyal travelers (e.g. Alegre & Cladera, 2006; Castro, Armario, & Ruiz, 2007; Chi & Qu, 2008; Oppermann, 1998, 2000; Yoon & Uysal, 2005).

Thus, the purpose of the current study is to profile loyal travelers of two tourist destinations in the USA, Orlando City and Florida State, in order to shed further light on destination loyalty. These are two popular tourist destinations receiving repeat visits from both domestic and international travelers. They were chosen as the study destinations with the assumption that a comparable number of respondents with different loyalty tendencies can be

reached. The goal is to identify potential explanatory factors of loyalty, including both the potential determinants and consequences of it, by comparing different loyalty groups on several sociodemographic, personality and behavioral characteristics. The differences in groups may yield the likely influential factors and likely significance of the two loyalty indicators involved in this study. In other words, the differences and similarities among groups of different loyalty tendencies are expected to better explain how to better define destination loyalty, what influences it and what it influences in return. By doing this for two destinations, the purpose is to provide additional information about loyalty that may hold external validity as well. Thus, the general study hypothesis is that loyal travelers have different socio-demographic, psychographic and travel behavior characteristics compared to those of non-loyal travelers. Although both consumer and customer loyalty are frequently used terminologies in the current literature, consumer loyalty is used throughout this manuscript since it is a more inclusive concept, applying to both current and potential customers.

2. Literature review

2.1. Definition and measurement of consumer loyalty

Although it remains a vague concept, consumer loyalty has been defined and measured in several different ways. Oliver (1999) defines loyalty as 'a deeply held commitment to re-buy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set

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purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior' (p. 34). Focusing on the emotional aspect of loyalty, Shoemaker and Lewis (1999) define consumer loyalty as a customer's strong feeling about a company's ability to meet his or her needs best, and thus, buying from the company exclusively and attaching possessive feelings toward the company as 'their' hotel or restaurant. Reichheld (2002) proposes a more detailed definition of consumer loyalty, including positive customer behavior, such as valuing the relationship with the company so much as to prefer over others, not switching for small price or service differences, providing honest and constructive feedback, making more purchases from the company, not abusing company personnel and providing enthusiastic references. Bowen and Shoemaker (2003), on the other hand, define loyalty by reflecting on the differences between 'reactive opportunistic behavior' versus 'commitment', which they identify as the behavioral outcome of consumer loyalty; in commitment, there is a strong relationship between the parties involved while in opportunistic behavior, any party can take advantage of the other when the opportunity exists. Shoemaker and Bowen (2003) purport that loyal customers also give back to the company.

Parallel to the diversity in its conceptualization, operationalization of this concept has also been diverse, including covert indicators of attitudinal commitment, such as preference, price sensitivity and liking, alongside overt indicators of behavior, such as actual repeat business and intentions, and voluntary partnerships, such as free information provision, positive word of mouth, references and publicity, business referrals, willingness to resolve potential problems and serving on advisory boards related with the company (Dick & Basu, 1994; Ganesh, Arnold, & Reynolds, 2000; Garland & Gendall, 2004; Gounaris & Stathakopoulos, 2004; Oliver, 1999; Reichheld & Sasser, 1990). Being related to many of these consumer behavior variables, satisfaction, motivation, involvement, commitment, risk perception and trust have also been studied as proxy to consumer loyalty (e.g. Anderson, Fornell, & Lehman, 1994; Baloglu, 2002; Bloemer & Kaspar, 1995; Bloemer & Ruyter, 1999; Campo & Yague, 2008; Chi & Qu, 2008; Huang & Chiu, 2006; Skogland & Siguaw, 2004; Yoon & Uysal, 2005; Yuksel & Yuksel, 2007; Zins, 2001).

Consumer-based brand equity (CBBE) is an umbrella concept, inclusive of, and thus, related to consumer loyalty. Considered as the most important asset of a company or brand, CBBE is defined as the total of meanings of a brand, including the interrelated concepts of associations, image, quality, value and loyalty (Aaker, 1991, 1992, 1996a,b; Keller, 1993, 2003). Within this framework, each component is important to increasing the total equity of a brand and the loyalty component depends on all other components.

2.2. Industry practices for consumer loyalty

The ample amount of research on consumer loyalty resulted in increased attention on loyalty or frequency programs, such as frequent-flyer programs for airlines or frequent stay programs for hotels, rewarding frequent purchases with free stays, flights or merchandise. However, the diversity in both the study and application of consumer loyalty received its share of arguments and criticism from the scientific community. Researchers criticize the use of behavioral indicators of loyalty, recognizing that consumers sticking with a company does not guarantee their loyalty because the reasons could be inertia, habitual buying due to convenience, having no better alternative or avoiding risk and/or cost by sticking with the known alternative (Bowen & Shoemaker, 2003; Henry, 2000; Shoemaker & Bowen, 2003). Thus, researchers warn about relying too much on loyalty programs that induce repeat

purchase and caution that in the presence of competitors with better programs, including better rewards or greater merchandise selection, such loyalty may disappear. In fact, Henry (2000) dubs loyalty programs a 'partial oxymoron' (p. 15) because they aim for specific behaviors in the short term rather than gaining emotional attachment in the long run. Besides, the cost of these programs are usually passed on to the customer through increased prices as in the case of increasing airfares on airlines with frequent-flyer programs, thus lowering satisfaction as well as the positive feelings of consumers (Henry, 2000). Henry (2000) postulates that consumer loyalty exists when they stay with a company or brand because of the superior value it provides compared to all other competitors whereas true consumer loyalty exists when they like and prefer doing business with a company even when competitors provide similar products and services. With the same logic, Shoemaker and Bowen (2003) suggest going one step beyond frequency programs to create emotional loyalty by adding value to the customer experience with the help of information about consumers of frequency programs. For this reason, Garland and Gendall (2004) suggest that the question of attitude or behavior being a better predictor of consumer loyalty depends on circumstances. Under different circumstances, different measures are more influential in defining consumer loyalty.

2.3. Influential factors on consumer loyalty in tourism and hospitality

Gounaris and Stathakopoulos (2004) categorize factors that influence consumer loyalty into three groups: (1) consumer characteristics, including variety seeking and risk aversion; (2) brand characteristics, such as reputation and substitutes; and (3) social factors, including group influences and recommendations. However, these factors may be more complicated in the tourism and hospitality industry. Fig. 1 summarizes the factors that may potentially affect consumer loyalty toward a tourism and hospitality product or brand. First, the hospitality and tourism industry has unique advantages and disadvantages in the venue of consumer loyalty. On the one hand, the perception of higher switching costs of time, money and effort in service products are postulated to cause greater consumer loyalty (Jones, Mothersbaugh, & Beatty, 2000; Rowley & Dawes, 2000); on the other hand, several barriers are postulated to hamper consumer loyalty. In light of the barriers specific to travel and tourism consumption, including the availability and characteristics of packages, and company arrangements for business travelers, Brierley (1994) cautions about using bookings as an indicator of consumer loyalty. As Andreassen and Lindestad (1998) also stress, consumer consumption patterns of travel and tourism products are usually not of a frequent nature; therefore, actual use cannot always be a rational indicator of destination loyalty. However, using various loyalty measures, an ample amount of research has been conducted on consumer loyalty toward hotels (e.g. Barsky & Nash, 2002; Bowen & Shoemaker, 2003), airlines (Ostrowski, O'Brien, & Gordon, 1993; Zins, 2001), restaurants (e.g. Bennett, 2004; Mattila, 2001), cruise providers (e.g. Morais, Kerstetter, & Yarnal, 2006) and distribution channels, such as tour operators and travel agents (e.g. Campo & Yague, 2008; Goldsmith & Stephen, 1999).

Next, the characteristics and practices of a company/product and brand versus those of its competitors may also influence consumer loyalty. High dependence on the labor force in tourism and hospitality products renders the human dimension of service in tourism and hospitality products and brands very critical for consumer loyalty. For this reason, researchers suggest paying special attention to the labor force for consumer loyalty (Bowen & Shoemaker, 2003; Morais et al., 2006; Skogland & Siguaw, 2004). Surveying repeat consumers of luxury hotels, Bowen

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