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Determinants of loyalty to public transit: A model integrating Satisfaction-Loyalty Theory and Expectation-Confirmation Theory

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ABSTRACT

Understanding passenger loyalty to public transit is important because it is a major determinant of urban and transport sustainability. An integrated framework to investigate loyalty by integrating Satisfaction-Loyalty Theory with Expectation-Confirmation Theory (ECT) is conceptualized and empirically examined in this study. A hierarchical structure is established to characterize the multidimensional features of public transit services from the passengers' point of view, which might help service providers obtain a systematic picture of public transit services by measuring overall service performance through sub-dimensional service domains. The rationale for developing this comprehensive framework for customer loyalty is justified by the significant relations between constructs, an excellent model fit, the greater share of variance explained for loyalty than that of the model without the two ECT concepts, as well as the difference regarding the confirmation-satisfaction-loyalty paradigm between male and female groups. It is expected to contribute to an improved understanding of customer loyalty in the public transit services context.

1. Introduction

To deal with the external problems caused by urban transport including worsening environment pollution, traffic congestion, etc., promoting the usage of public transit (PT) is a critical but challenging task. For one thing, every time before traveling, an individual traveler needs to choose among a group of alternative transport modes. That is, he/she makes a decision about whether to pay and use a specific mode, either private or public. In this respect, PT is considered as one type of service/product since it competes with private transport methods such as car and motorcycle during the mode choice decision-making process. It is therefore reasonable to treat individual travelers as customers in PT research, and their mode choice as a special form of consumption. For another, in the field of marketing, customer loyalty is defined as “a deeply held commitment to repurchase or re-patronize a preferred product or service in the future” (Oliver, 1997), which has been commonly acknowledged as a proxy for actual customer purchase behavior in the long-term. Due to the substantial impact of loyalty on customer retention and firm profitability (Crosby et al., 1990), service industries have been endeavoring to foster and enhance customer loyalty. As a consequence, understanding the factors influencing passengers' loyalty to PT service is believed to be important since it could help PT managers, marketers, and practitioners design effective strategies to satisfy passengers' requirements, to maintain existing users as well as to attract new ones from private vehicles (Lai and Chen, 2011).

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On the one hand, the Satisfaction-Loyalty Theory has been extensively adopted to explain passengers' loyalty to specific forms of PT services across geographic regions, for example, a light rail transit service in the Metro of Seville, Spain (Oña et al., 2015) and a city bus service in Shaoxing, China (Fu and Juan, 2017b). It has been found that passengers' perception of PT services and overall satisfaction are significant antecedents of their loyalty, while at the same time perceived PT services exert a positive impact on satisfaction (Jen et al., 2011). Lierop et al. (2017) provides a comprehensive review of the literature regarding the causes of satisfaction and loyalty in public transport, showing that a bunch of service factors such as passengers' value perceptions and image of public transport is closely associated with loyalty. On the other hand, it is proposed that consumers' decision-making is a complex and comprehensive process, which further underscores the need to adopt a more systematic view towards loyalty (Cronin et al., 2000). Among a large number of relevant theories, Expectation-Confirmation Theory (ECT) stands out as being robust for modeling repurchase behavior and recommendation intention in marketing research (Oliver, 1981), both of which are important components of loyalty. Two affective factors including expectation (i.e., customers' ex-ante beliefs about a product/service itself or its performance) and confirmation (i.e., the extent to which one's actual experience is consistent with his/her initial expectation), are used to explain customer satisfaction within ECT (Hossain and Quaddus, 2012; Olson and Dover, 1979). In contrast, constructs associated with Satisfaction-Loyalty Theory, such as perceived service quality and perceived value, are basically cognitive (Lierop et al., 2017). More importantly, it has been explicitly argued that the two ECT concepts and explanatory factors from Satisfaction-Loyalty Theory have distinct roots and are based on a different set of antecedent variables (Lee, 2010). Each of them individually provides a partial explanation of passenger's intention/loyalty to PT services. Considering all the above arguments, it is expected that the integration of Satisfaction-Loyalty Theory with ECT might provide a more holistic perspective to understand PT passengers' loyalty. Coincidentally, Cronin et al. (2000) implicated the need for further consideration of composite models for behavioral intention, especially the inclusion of additional variables as consumers' expectation, which is exactly part of what is to be done in the current study.

Given the gaps in the knowledge of the determinants of passengers' loyalty to PT, the prominent objective of this study is to improve understanding of customer loyalty in the context of PT services by extending the standard Satisfaction-Loyalty Theory with two expectation – confirmation theory (ECT) related constructs (i.e., expectation and confirmation), as well as perceived value and corporate image. Specifically, a series of relationships among expectation, confirmation, customer satisfaction, perceived service quality, perceived value, corporate image, and loyalty of interest, are theoretically hypothesized and empirically examined. What is more, to capture the complex and multidimensional nature of PT service, a hierarchical factor structure is established, in which overall service quality is represented by three sub-dimensional service areas and further a group of specific attributes. Methodologically, a three-step approach, namely Confirmatory Factor Analysis (CFA) – Structural Equation Model (SEM) – Multi-group SEM, is conducted. That is, (1) CFA is first applied to identify the reliability and validity of measurement indicators, (2) SEM is then conducted to examine whether the hypothesized relationships are supported such that the framework would be finally determined, and (3) as an additional contribution, this study examines the possible moderating effects of specific individual characteristics, which is explicitly suggested by Cronin et al. (2000). In this regard, gender differences are employed as the target, which have been substantially argued and investigated in previous research (see, for example, Beirão and Cabral, 2008; Wachs, 1998). For example, Fu and Juan (2017a) empirically confirm that the decision-making process underlying PT use varies across gender. Consequently, a multi-group SEM is carried out against male and female groups based on the framework identified in the second step. This is considered instructive for transport demand segmentation and management differentiation from a policy and marketing view.

The remainder of this paper is organized as follows. Section 2 reviews the existing literature related to the current objective, based on which an integrated conceptual framework and a group of research hypotheses are proposed. Section 3 provides the data profile and some preliminary analysis of PT services. In Section 4, estimation results are presented and analyzed, with the hypotheses practically examined, following which a comparison between male and female groups is made. Finally, Section 5 concludes by summarizing the main findings and implications, as well as providing suggestions for future research.

2. Theoretical background and hypotheses

In this section, the literature related to the current research interest will be reviewed, based on which several hypotheses are proposed.

2.1. Satisfaction-Loyalty Theory

Satisfaction-Loyalty Theory (Jen et al., 2011) was developed to explore causes of customers' loyalty to a particular service, and has been extensively applied and adapted across a wide range of fields. Within the standard Satisfactory-Loyalty Theory shown in Fig. 1, two factors, namely perceived service quality and overall satisfaction, are necessarily considered. Specifically, both perceived quality and customer satisfaction significantly contribute to loyalty development and enhancement, while satisfaction is an important

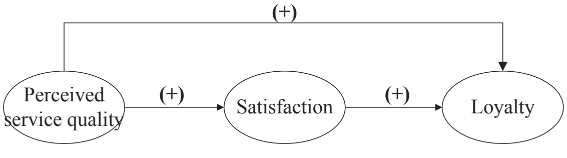

Fig. 1. The standard Satisfaction–Loyalty Theory.

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