

Exploring consumer satisfaction and loyalty

Abstract

For a long time, scholars assumed that if consumers were satisfied with a brand, they would repeatedly buy only that brand. That is, satisfied consumers will always become loyal consumers. Over time, however, some studies investigating the relationship between consumer satisfaction and loyalty found little evidence supporting this claim. Practitioners in the field also echoed the same problem. Therefore, the primary objective of this thesis is to review the current understanding of the satisfaction-loyalty relationship, and examine alternative paths to loyalty. In doing so, I hope to propose future directions to improve our knowledge of the satisfaction-loyalty relationship.

This thesis comprises of three essays. Essay 1 is a quantitative review of the existing literature on the satisfaction-loyalty relationship that estimates the strength of association between consumer satisfaction and loyalty across several studies. The essay also uncovers two possible directions of research, which are then investigated in the next two essays. Essay 2 uses a consumer-brand relationship perspective to examine the path to loyalty for different types of consumers. Essay 3 is an empirical study on consumer expectations, which is an important determinant of consumer satisfaction. Together, the findings from all studies hint at a new way to build a framework to understand the satisfaction-loyalty relationship.

Essay 1 – Meta-Analysis of the Satisfaction-Loyalty Relationship

Using multiple sources, I collected 381 studies (274 published and 107 unpublished studies) that yielded 483 correlations with a combined sample size of 375779. The studies collected included cross-sectional, longitudinal, and experimental works. After correcting for reliability and adjusting for sample sizes, I found that the strength of the satisfaction-loyalty relationship was 0.52, which becomes weaker for studies conducted across time (i.e., for longitudinal studies; $r = 0.46$), and for studies involving the physical goods context ($r = 0.24$). This persistent association between satisfaction and loyalty warrants a closer look at the nomological network containing these two constructs. The next two essays venture down such paths.

Essay 2 – Relationships, Loyalty, and the ‘Self’

The findings of the previous essay indicate that some scholarship in the satisfaction and loyalty literature stresses on the importance of the relationship between consumers and their brands. Such literature conceptualizes consumers’ relationships with brands as a possible way to approach consumer loyalty.

Therefore, this essay studies consumers’ relationships with brands with the goal of improving our understanding of the paths to loyalty. Specifically, this essay investigates how teenage and adult consumers develop into loyal consumers. A model is put forth, linking the consumer’s perception of the quality of the brand as a relationship partner (i.e., brand partner quality) with loyalty, in the presence of satisfaction. The results indicate that the association between brand partner quality and loyalty is strong for both teenage and adult consumers. However, the motivating force behind brand partner quality was different for teenagers vs. adults. While teenage consumers reported self-completion as the antecedent to brand partner quality, adult consumers reported both self-completion and self-brand congruence as the antecedents. Thus, the role of self-completion and self-brand congruence as antecedents to brand partner quality varies by consumer type. This implies that the path to loyalty might become more complex as consumers mature.

Essay 3 – Consumer Expectations¹

Consumer expectations influence consumer decisions, especially those that help determine satisfaction after purchase. Yet, how consumer expectations are formed has received little attention in marketing literature. I use a partially exploratory study to understand how consumers use information available to them to form expectations. To do so, I track the behavior of over 1000 American and Indian consumers using an online simulation. The motivating influence of regulatory focus and consumer involvement is also investigated. While attempting to cover this gap in literature, I found that across countries, regulatory foci, and levels of involvement, consumers prefer to separate (vs. aggregate) available information into smaller pieces that are easier to process, that is, they form expectations within a ‘narrow frame’. Further, the results also indicated that consumers can have expectations of being (dis)satisfied² prior to purchase and they might use these expectations of (dis)satisfaction to make a choice between brands. These findings have linkages to the principles of Prospect Theory (a behavioral economic theory), therein pointing towards a possibly new conceptualization of the satisfaction-loyalty relationship.

¹ A shorter version of this essay has been published in the *Journal of Customer Behaviour* (Vol. 14, Iss. 1).

² Here, satisfaction is an overall (gestalt) construct rather than being defined by the expectancy-disconfirmation paradigm.