



The moderating effect of individual level collectivist values on brand loyalty[☆]



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ABSTRACT

In today's dynamic business environment the success of a firm often depends on its ability to create brand loyalty. While there is a large body of research exploring brand loyalty and its antecedents, little has been done to examine how the relationship between these antecedents and brand loyalty is moderated by consumer differences in individual level collectivist values. This understanding is important however as consumers high in individual level collectivist values have been found to make different brand choices than consumers low in individual level collectivist values. We develop and test theory that suggests consumer differences in individual level collectivist values have a significant moderating effect on the relationship between perceived value, perceived quality, brand trust and brand loyalty. The results show that consumers high in individual level collectivist values are significantly more loyal to a focal brand, especially when brand trust and perceived quality are at relatively low levels.

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1. Introduction

Research indicates that brand loyalty brings with it benefits such as greater sales, increased profitability, a customer base that is less sensitive to the marketing efforts of competitors, and substantial barriers to entry (Aaker, 1992; Reichheld & Sasser, 1990). Brand loyalty is 'a deeply held commitment to rebuy or repatronize a preferred product or service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior' (Oliver, 1999: 34). Because of its benefits a large number of studies have explored brand loyalty (e.g. Agustin & Singh, 2005; Caruana & Ewing, 2010; Chaudhuri & Holbrook, 2001; Li, Li, & Kambele, 2012), focusing primarily on antecedents such as perceived value, perceived quality and brand trust (e.g. Chaudhuri & Holbrook, 2001; Gounaris & Stathakopoulos, 2004; Li et al., 2012; Liang, Ma, & Qi, 2013).

Despite extensive research on perceived value, perceived quality and brand trust as antecedents of brand loyalty, scholars still find large variance in loyalty among consumers (e.g. Kim, Morris, & Swait, 2008; Schmitt, Zarattonello, & Brakus, 2009). Recently a number of

studies have tried to explain this variance. For example, Caruana and Ewing (2010) suggest that the addition of corporate reputation and its relation to quality, perceived value, and loyalty may explain part of the variance in brand loyalty among consumers. Further, He, Li, and Harris (2012) note that brand identity and brand identification impact these same antecedents of brand loyalty and may explain why consumers show different levels of brand loyalty. While providing valuable insights that start to explain the variance in brand loyalty, these studies do not look at individual differences among consumers.

Individual level cultural values theory suggests that consumers in any one country are not all the same (Keillor, D'Amico, & Horton, 2001; Schwartz, 1994, 1999; Triandis, 1989, 1995). One important factor that can impact on the behavior of consumers are individual level collectivist values. Individual level collectivist values describe the shared beliefs, attitudes, norms and values, expressed by the individual, towards the relationship between the individual and the group within a given society (Schwartz, 1990). As such, individual level collectivist values guide the behavior of an individual and capture the relative importance an individual accords to personal interests and to shared pursuits (Bond, 2002; Schwartz, 1990). Research indicates that differences in individual level collectivist values can impact on the behavior of consumers in such a way that it influences the importance attributed to service quality (Patterson, Cowley, & Prasongsukarn, 2006) and consumer impulsive buyer behavior (Kacen & Lee, 2002; Lee, 2000). Prior research has shown that differences in individual level collectivist values play an important role in explaining variations in consumer cognitive style, attitudes, self-concept and buying behavior (Bond, 2002; McCarty &

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Shrum, 2001; Patterson et al., 2006). Nevertheless, little has been done to improve our understanding of how individual level collectivist values influence brand loyalty.

In this study, building on the theory of individual level cultural values (Keillor et al., 2001; Schwartz, 1994, 1999; Triandis, 1994, 1995), we suggest that because consumers in any one country are not all the same (Keillor et al., 2001; Schwartz, 1994, 1999; Triandis, 1994, 1995) they may have differing brand loyalty behavior. We develop and test theory that suggests that consumer differences in individual level collectivist values will have a significant moderating effect on the relationship between the antecedents perceived value, perceived quality, brand trust, and brand loyalty. We theorize that consumers high in individual level collectivist values show higher levels of brand loyalty despite low levels of brand trust due to their purchasing decisions being influenced primarily by peer and in-group members. We further suggest that consumers high in individual level collectivist values show higher levels of brand loyalty despite low levels of perceived quality as the in-group's perception of the quality of the brand is more important in the decision making process than the individual's perception. Finally, our theory suggests that consumers high in individual level collectivist values show higher levels of brand loyalty despite low levels of perceived value as the in-group's perception of the value of the brand is more important in the decision making process than the individual's perception of the brand's value.

We test our theory on a sample of 316 consumers. Our results demonstrate that consumers high in individual level collectivist values are significantly more loyal to a focal brand than consumers low in individual level collectivist values, even when brand trust and perceived quality are at relatively low levels. However, we found no difference when it comes to perceived value. Our findings therefore lend some support to the argument that consumer differences in individual level collectivist values moderate the relation between antecedents and brand loyalty.

We make several contributions to the literature. First, we make an important contribution to the brand loyalty literature by developing a new theory that suggests that differences in individual level collectivist values have a significant impact on traditional models of brand loyalty. Previous research only considered the direct impact of perceived value, perceived quality and brand trust on brand loyalty (e.g. Bolton & Bramlett, 2000; Bolton & Drew, 1991; Chang & Wildt, 1994; Parasuraman, Zeithaml, Berry, & Grewal, 2000; Sirdeshmukh, Singh, & Sabol, 2002). Our paper suggests that these studies, while valuable, are too vague, as they assume that all consumers behave in similar ways. Yet consumers are not all the same (Keillor et al., 2001; Schwartz, 1994, 1999; Triandis, 1994, 1995) and may thus have differing brand loyalty behavior. We show that brand loyalty is formed not only by its antecedents perceived value, perceived quality and brand trust, but that these are significantly moderated by consumer differences in individual level collectivist values. Consumers high in individual level collectivist values are more loyal to a focal brand than consumers low in individual level collectivist values, even when brand trust and perceived quality are at relatively low levels. Thus we advance our understanding of brand loyalty through a greater understanding of how consumer differences influence this behavior.

Second, we contribute to the literature on individual level collectivist values. Previous research indicates that consumer differences in individual level collectivist values play an important role in explaining differences in consumers' cognitive style, attitudes, self-concept and impulsive purchasing behavior (e.g. Bond, 2002; Kacen & Lee, 2002; McCarty & Shrum, 2001; Patterson et al., 2006). We theorize and find that these differences also significantly influence brand loyalty by moderating the relationship between the antecedents: perceived value, perceived quality, brand trust, and individual consumer brand loyalty. This understanding is important as prior research primarily focused on the impact of individual level collectivist values on consumer attitudes and impulse purchases, but not on how these consumer differences impact on consumer brand loyalty. Thus we advance knowledge

of individual level collectivist values by extending the concept to brand loyalty.

2. Theory and hypotheses

Research looking at the antecedents of brand loyalty suggests that by controlling and making improvements to these antecedents, organizations are able to evoke, improve and sustain brand loyalty (e.g. Agustin & Singh, 2005; Chaudhuri & Holbrook, 2001). As such, an understanding of the antecedents of brand loyalty is of strategic importance for a firm, since it provides insights into how firm actions can counteract consumer switching to competitor brands, create substantial barriers to entry, and increase profitability (Aaker, 1992; Reichheld & Sasser, 1990). Therefore, many researchers have focused on identifying the important antecedents of brand loyalty (e.g. Agustin & Singh, 2005; Caruana & Ewing, 2010; Chaudhuri & Holbrook, 2001; He et al., 2012; Liang et al., 2013).

Although a large number of antecedents to brand loyalty have been examined, researchers tend to agree that brand trust, perceived quality and perceived value are the most important (Bolton & Bramlett, 2000; Chaudhuri & Holbrook, 2001; Jones, Mothersbaugh, & Beatty, 2002). Brand trust has been recognized as having an important role in affecting relationship commitment (e.g. Parasuraman, Zeithaml, & Berry, 1988) and so customer loyalty (Gundlach & Murphy, 1993). Research has also shown a positive link between perceived value and brand loyalty (Bolton & Bramlett, 2000; Caruana & Ewing, 2010; Lai, Griffin, & Babin, 2009; Li et al., 2012), suggesting that when perceived value is high, consumers tend to stick with their current brand, even when competitors' offers are superior. Other research has found that perceived quality can influence brand loyalty (e.g. Jones et al., 2002; Lai et al., 2009; Liang et al., 2013; Parasuraman et al., 1988) because it influences repurchase intention, recommendations and resistance to alternative brands.

To the best of our knowledge however, little is known about how the relationships between these important antecedents and brand loyalty are affected by consumer differences in individual level collectivist values. The reason that this might be important is that researchers maintain that individual level collectivist values are an important determinant of the human cognitive process and can help explain individual behavior (Bond, 2002; Patterson et al., 2006; Schwartz, 1990). Further, prior research notes that consumer differences in individual level collectivist values play an important role in explaining differences in consumers' brand choices, attitudes and importance attributed to quality (Kacen & Lee, 2002; Lee, 2000; McCarty & Shrum, 2001; Patterson et al., 2006). Because of this it is important to examine the effect individual level collectivist values have on brand loyalty.

Individual level collectivist values are not the same as collectivism/individualism at the national level (Bond, 2002; Bond, 2002; Schwartz, 1990). National level collectivism refers to group ideologies found in cultures (Schwartz, 1990) and is measured at the country level, whereas individual level collectivist values guide individual behavior and are measured at the individual level. Studies that rely on national level collectivist values assume that all consumers in a given country behave in similar ways (Erdem, Swait, & Valenzuela, 2006; Ozdemir & Hewett, 2010). But other research indicates that this is not the case (Bond, 2002; Schwartz, 1990). Therefore, individual level values are a more appropriate predictor of individual behavior and attitudes of consumers (Lenartowicz & Roth, 2001) and therefore present the focus of this study.

Consumers high in individual level collectivist values are defined as people who find meaning through social relationships, through identifying with the group, emphasizing values that serve the in-group by subordinating personal goals, and preserving in-group harmony and interdependence of in-group members (Bond, 2002; Triandis, 1995). In contrast, consumers low in individual level collectivist values are

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