

Involvement, satisfaction, and brand loyalty in a small business services setting

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Abstract

Considerable resources are expended annually on building business brands, yet the literature is virtually silent on brand loyalty in a business setting. This study examines the relationship between attitudinal loyalty and behavioral loyalty in a business services context, and attempts to identify two key antecedents of loyalty in this context. In particular, little is known about small businesses as customers, despite their significant contribution to the economies of developed nations. A longitudinal design is implemented, and data are captured on both attitudinal loyalty and subsequent loyalty behaviors (i.e., actual purchase behavior). The findings demonstrate the value of conceptualizing and measuring both attitudinal and behavioral components of brand loyalty. Specifically, the results indicate that attitudinal loyalty mediates the effects of the antecedents studied (category involvement and purchase satisfaction) on behavioral loyalty. Implications for marketing theory and practitioners are discussed, and possible directions for future research are sketched.

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1. Introduction

Brand loyalty is a focal point of interest for marketing researchers and practitioners. Past research suggests that loyal customers spend more than non-loyal customers, act as advocates for a brand by engaging in positive word of mouth, and are therefore “at the heart of a company’s most valuable customer group” (Ganesh et al., 2000, p. 65; Zeithaml et al., 1996). However, the literature on brand loyalty is incomplete in several important respects. A key area of controversy lies in

competing approaches to the definition and measurement of attitudinal versus behavioral loyalty. Typically, brand loyalty is defined with reference to either attitudinal or behavioral components. This view is too simplistic, and there are potential gains from advancing a holistic approach which incorporates both components of loyalty. This article adopts a broadened perspective, conceptualizing and measuring both attitudinal and behavioral dimensions of loyalty. Additionally, this study explores loyalty within the context of business services, which may differ from consumer settings in several important respects. Business purchases can involve greater levels of decision-making input and higher transaction costs than consumer purchases. Loyalty in a business context is less likely to be a function of routine or habit, as in some low-involvement consumer purchases. Therefore, it is especially important in a business context to examine both a buyer’s attitudinal predisposition towards a brand and the behavioral manifestation of this attitude in the form of actual purchase behavior.

Brand loyalty in consumer contexts is well researched (e.g., Ajzen and Fishbein, 1991; Baldinger and Rubinson, 1996; Day,

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1969; East and Hammond, 1996; Ehrenberg, 1988; Guest, 1942; Jacoby, 1971; Oliver, 1999). By contrast, the literature is virtually silent on brand loyalty in business contexts, and there is almost no research on loyalty from a small business perspective. This is surprising given the economic contribution of small businesses to the national economy. Small business accounts for more than 51% of US gross domestic product (Conte, 2006) and more than two-thirds of growth in new jobs annually (Valas, 2005). Many large corporations have their distant origins in small business (Cunningham, 2000). Additionally, small businesses place some unique demands on their owners, who are often managers involved in the day-to-day running of their companies. Perhaps the diversity of the small business sector has made it difficult to quantify its contribution, and has fed misperceptions of its relative unimportance (Streeter and Cocheo, 2003; Cunningham, 2000). Yet, even organizations as large as Xerox and IBM are realizing that small business accounts can be attractive, and are an often overlooked source of growth for new products.

With a focus on small business as customers comes the need to know how to market to these customers. A key part of this process is developing loyalty. Hence, this initial study attempts to contribute to the marketing literature by identifying the potential antecedents of brand loyalty in a business services context. The study aims to: (1) examine the relationship between attitudinal loyalty and behavioral loyalty in a small business purchase setting, and (2) to determine the key antecedents of loyalty in this business context.

2. Background literatures

2.1. Brand loyalty

As early as the 1960s, definitions of brand loyalty incorporated both attitudinal and behavioral concepts, yet few empirical studies have incorporated both dimensions. Instead, research in this area appears to have fragmented into two distinct traditions, with behavioral researchers focusing on the observable actions of loyal customers (Ehrenberg and Goodhardt, 2000) and attitudinal researchers investigating commitment to brands and repurchase intentions (Dorsch et al., 2000; Patterson et al., 1997). Research in these traditions has produced studies of the level of commitment consumers' display towards a brand, how decisions taken at one moment affect subsequent purchases, and consumers' relative expenditure on brands in a category. Despite the view that brand loyalty be conceptualized broadly and be reflected by both attitudinal and behavioral measures (Dick and Basu, 1994; Baldinger and Rubinson, 1996), few studies in either the consumer marketing or business marketing literatures have incorporated both dimensions of brand loyalty.

This research draws on the conceptual work of Dick and Basu (1994), who propose that customer loyalty is the result of psychological processes and has behavioral manifestations, and should therefore incorporate both attitudinal and behavioral components. Hence, the model advanced here attempts to empirically link attitudinal and behavioral loyalty in a business

services context. Additionally, the model incorporates the potential antecedents of brand loyalty relevant to this context (i.e., category involvement, and purchase satisfaction). Satisfaction is recognized as an important antecedent to loyalty in both the consumer and business marketing literatures. Satisfaction with previous purchase experiences is likely to play an important role in determining future purchase behaviors particularly as an effort-minimization strategy (Jones and Suh, 2000; Pritchard et al., 1999). Category involvement is also important in this context, and is posited as a potential driver of consumer loyalty.

2.2. Small business research

Small business is a significant contributor to the economies of most developed countries. However, many small businesses suffer from a lack of resources and because of the typically small scale of their operations. This can lead to increased business failure and higher bankruptcy rates than the broader economy, which has significant impacts for both the owners and employees of these businesses. Thus, it is in both the personal and financial interests of business owners and employees, and broader national economic interests, to increase the success rate of small businesses. One way that small business can improve its operations is through the stabilization of cash flows and revenues through repeat purchase behavior. More generally, "customer loyalty is a prime contributor in sustainable growth" for small businesses (Valas, 2005, p54).

Much of the past research on small business is conducted from the perspective of a small business producer or seller, and not from the perspective of a small business as a buyer (e.g. Gilmore et al., 2004; Pederson, 1989; Pelham, 2000). Given the limited resources of small businesses, and the nature of small business buying and selling roles, strategies that reduce risk and smooth revenues are worth pursuing. Brand loyalty is one of these strategies (Bettman, 1973; Gordon et al., 1993). Despite the relevance and importance of understanding brand loyalty in the small business sector, there are few attempts to document why small businesses display loyalty to business brands. Therefore, the current study proposes a model of the drivers of loyalty for small businesses, and explicitly addresses why small business owners display attitudinal and behavioral loyalty (see Fig. 1). The model incorporates both attitudinal and behavioral components of loyalty and category involvement and purchase satisfaction are posited as the key drivers of loyalty.

3. Hypothesis development

3.1. Brand loyalty

The literature discusses attitudinal and behavioral dimensions of loyalty (Baldinger and Rubinson, 1996; Day, 1969; Dick and Basu, 1994). Attitudinal loyalty is an attitudinal predisposition consisting of commitment to a brand and intention to repurchase the brand (Mellens et al., 1996). The commitment aspect reflects the affective component of an

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