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Abstract Seeks to enhance our understanding of the suitability of loyalty measurement techniques by proposing a classification of brand loyalty based on varying market types. Distinguishing between market types is important because the very nature of markets indicates that the measures used to capture loyalty should be very different. This paper, in effect, argues against a single brand loyalty measure for all market types. Marketing practitioners wishing to predict future levels of loyalty would need to use different loyalty measures. In consumable markets where the market is stable and where there is high switching and low involvement and risk, behavioral measures are appropriate for predicting future brand loyalty levels. However where the market is not stable, there is a propensity towards sole brands and attitudinal measures may be better predictors of future behavior in such cases.

Introduction (Strategic Marketing)

Loyalty is an important concept in strategic marketing. Loyalty provides fewer reasons for consumers to engage in extended information search [I] among alternatives (Uncles and Dowling, 1998). Solomon (1992) also indicates that purchase decisions based on loyalty may become simplified and even habitual in nature and this may be a result of satisfaction with the current brand(s). A base of loyal customers will be advantageous for an organisation as it reduces the marketing cost of doing business. In addition, loyalty can be capitalised on through strategies such as brand extension and market penetration. Finally a large number of loyal customers is an asset for a brand, and has been identified as major determinant of brand equity (Dekimpe *et al.*, 1997).

While most loyalty research has focussed on frequently purchased consumer goods, the loyalty concept is also important for industrial goods (vendor loyalty), services (often referred to as services loyalty in marketing literature) and retail establishments (store loyalty).

(Distinguishing between market types)

This paper suggests that the concept of loyalty to be considered should be dependent on both market type and situations. Distinguishing between market types is important because the very nature of markets indicates that the measures used to capture loyalty should be very different, as will the antecedent variables. Therefore this paper argues against a single brand loyalty measure. Ideally, there would be a uniform measure, which would make life easier for researchers; however there is no ideal, cure-all notion of brand loyalty but a number of appropriate measures which are context specific and are all appropriate for the situation.

(Starting point for further study)

While the authors would like to be able to propose the “best” measure of brand loyalty for each market, this is not possible without empirically testing each measure in each market. This paper is designed to be a starting point for further study, which will empirically examine the approaches.

To support the proposition that there is no one single best measurement of brand loyalty, this paper will first commence by discussing the conceptual definition of brand loyalty.

The state of brand loyalty research

Brand loyalty has been largely defined and measured in either behavioral or attitudinal terms (Mellens *et al.*, 1996). While researchers agree that loyalty is a very complex construct (Javalgi and Moberg, 1997) and most utilise the composite definition of brand loyalty which was originally proposed by Jacoby (1971), there is little consensus on the approach to be taken when measuring the construct.

(Lack of agreement)

This lack of agreement has seen many articles promoting a single approach over another approach with published responses usually forthcoming. This debate has encouraged other researchers to join the fray with their own view on this issue (Baldinger and Robinson, 1996, 1997; Ehrenberg, 1997a, 1997b; Farr and Hollis, 1997). This debate is not recent; it first surfaced 20 years earlier between Jacoby (1975), Jacoby and Kyner (1973) and Tarpey (1974, 1975), and the same issues are again being argued.

Seeking a cure-all panacea for measuring brand loyalty is akin to the quest for the Holy Grail. It is more likely that the characteristics of the product and market drive and shape brand loyalty.

The composite definition of brand loyalty

The conceptual definition of brand loyalty that is most often used in brand loyalty research is the composite definition of brand loyalty, which was first proposed by Jacoby (1971). Under a concept definition brand loyalty can be defined as:

The biased (non-random) behavioral response (purchase) expressed over time by some decision-making unit with respect to one or more alternative brands out of a set of brands and is a function of psychological processes.

As mentioned previously, it is commonly acknowledged in the literature (Jacoby and Chestnut, 1978; Baldinger and Rubinson, 1996, 1997; Mellens *et al.*, 1996; Day, 1969; Farr and Hollis, 1997) that the majority of loyalty measures can be categorised as either behavioral or attitudinal, which implies that loyalty is a dimensional concept.

Table 1 summarises the loyalty research conducted and highlights the measurement approach taken by the researchers. As illustrated in Table 1 the approaches commonly used to measure brand loyalty are one or a combination of attitudinal or behavioral. This paper will continue by proposing a classification of brand loyalty measures, namely that different types of markets may require different methods of measuring loyalty.

Author	Product	Multi-domain approach	Behaviourist approach	Attitudinal/cognitive approach
Baldinger and Rubinson, 1996, 1997		*		
Bonfield, 1974	Soft-drink	*		
Day, 1969	Convenience food product	*		
Donthu 1974	Television programs	*		
Farr and Hollis	FMCG	*		
Harrell and Bennett	Medical prescriptions	*		
Jacoby and Kyner, 1973	Candy bars	*		
McConnell, 1968	Beer	*		
Rundle-Thiele <i>et al.</i> , 1998	Services (Telecommunications)	*		
Sheth and Venkatesan 1968	Hair spray	*		
Bass 1974			*	
Bawa and Shoemaker 1987	Not stated		*	
Bucklin and Gupta 1992	Liquid laundry detergent		*	
Cooper and Nakanishi 1988			*	
Dall'olmo Riley <i>et al.</i> , 1997			*	

Dekimpe <i>et al.</i> , 1997	Condensed milk, dry cat food and beer		*	
Donthu, 1994			*	
East and Hammond	Coffee, detergent and toothpaste and crackers		*	
Ehrenberg & Uncles, 1997			*	
Ehrenberg <i>et al.</i> , 1990	Instant coffee, TV series, aviation fuel		*	
Ehrenberg <i>et al.</i> , 1994	25 grocery products		*	
Fader and Schmittlein, 1993	Various grocery products		*	
Hoyer, 1984	Laundry detergent		*	
Johnson, 1984	FMCG-20 product categories		*	
Massey and Frank 1965	Various- types not stated		*	
Neslin <i>et al.</i> , 1985	Bathroom tissue and coffee		*	
Papatla and Krishnamurthi, 1996	Liquid and powder laundry detergent		*	
Raj, 1985	Various- 900 types		*	
Wright <i>et al.</i> ,	Retail fuel, supermarket and department store purchases		*	
Azjen and Fishbein 1980	Various – stores, automobiles			*
Caldow, 1998	Services			*
Fournier and Yao, 1997	Coffee			*
Gwinner <i>et al.</i> , 1998	Services			*
Jacoby, 1971	Cake mix			*
Kim <i>et al.</i> , 1998	Pizza			*
Lichtenstein <i>et al.</i> , 1990	Toothpaste, laundry detergent, deodorant, shampoo			*
Patterson <i>et al.</i> , 1997	Consultancy (service)			*
Peter and Ryan 1976	Motor vehicles			*
Quelch and Ash 1981	Services (Professional services)			*
Ringham <i>et al.</i> , 1994	Service			*

Sheth, 1968	Various-soft-drinks, toothpaste, food, detergents			*
Shimp and Dyer, 1981	Services (Accounting)			*
Smith and Swinyard 1983	Snack food items			*
Sproles and Kendall, 1986	Retail- various			*
Tucker, 1964	Bread			*
Westbrook and Oliver, 1981	Products and services			*

Table 1.

Classification of brand loyalty

(Conceptual definition of brand loyalty)

The problem does not lie with the conceptual definition of brand loyalty but with the method of operationalising brand loyalty. This paper proposes that the type of market should drive the choice of brand loyalty measure(s) used. Following this proposition, a classification of measures has been developed for each market type. The variation between the characteristics of each market indicates that the measures used to capture brand loyalty should be very different, as will the antecedent variables. It is important to develop classification systems, as they are the building block of marketing theory and practice (Fern and Brown, 1984). This paper will now continue to briefly discuss the criteria for developing a classification system.

What is a classification system?

Before a classification system can be developed, it must meet five criteria.

(Hunt, cited in Fern and Brown, 1984) and these include:

- (1) adequacy for specifying the phenomena;
- (2) adequacy of characteristics to be used in classifying;
- (3) mutual exclusiveness of categories;
- (4) collective exhaustiveness of categories;
- (5) usefulness of schema.

The classification proposed adequately specifies the phenomena being studied. The phenomenon in this case is brand loyalty, specified through discussion of the definition and measurement approaches in each type of market, and the importance of the construct to marketing theory and practice.

(A review of the loyalty literature)

A review of the loyalty literature has revealed that the measurement of brand loyalty is different for consumable, durable and services markets. This difference is largely attributable to the difference in market characteristics, namely brand switching, purchase frequency, appropriateness of loyalty types for measurement, share of category, proportion of sole buyers, commitment, intention to purchase, perceived risk, inertia, habit, satisfaction and involvement. The categories of consumables,

durables and services are mutually exclusive categories as the market characteristics differ between each market type.

The final criterion for a classification system is usefulness. The classification proposed in this paper has a great deal of use for both practitioners and theorists. First, it summarises and acknowledges the variety of approaches to brand loyalty. Second, it offers an explanation for the variety and the lack of a single best approach to defining and measuring brand loyalty across all markets.

(Classification of brand loyalty)

The classification of brand loyalty by market types specifies the phenomena being studied and justifies the characteristics being used. These categories are mutually exclusive and collectively exhaustive and there is a great deal of use for the overall classification system.

Classifying brand loyalty measures

Brand loyalty can be classified into three groups based on market type, namely consumable goods markets including FMCG or consumables, durable goods markets, and service markets. Each market type is discussed in more detail below with reference to loyalty. Finally, the markets are categorised according to transaction value, frequency of purchase, end use, level of involvement, supplier source and purchase process.

Consumable goods markets

(Determinants of loyalty in Goods)

Much of the work in the marketing literature has been concentrated on consumable markets. A consumable goods market includes fast-moving consumer goods such as toothpaste, detergents, cereal, ice-cream and business to business markets where goods are consumed, such as office stationery. Numerous studies have been conducted to examine determinants of loyalty in goods (Cunningham, 1956; Jacoby and Chestnut, 1978; Tranberg and Hansen, 1986) and the most effective ways of building loyalty for goods. Brand loyalty research in consumable markets has typically focussed on behavioral measures of loyalty such as share of category requirements (commonly referred to as proportion of purchase measures) and allegiance, or length of time spent with the brand (Ehrenberg, 1988; East, 1997).

Consumable markets exhibit the characteristics of divided loyalty, which is commonly referred to in marketing literature as multi-brand purchasing. The reasons for multi-brand purchase are varied:

- Customers may brand switch to seek variety (Currim and Schneider, 1991; East, 1997).
- A sales promotion may alter purchase patterns (Blattberg and Neslin, 1989; East, 1997; Chandon, 1995) i.e. if a competing brand is offered at a substantial discount, this may reduce the risk enough for a buyer to switch brands temporarily to trial the alternative.
- Lack of availability of preferred brand can influence the purchaser to buy a brand they would not normally purchase (East, 1997; Chandon, 1995).
- A single purchaser buying on behalf of the household (East, 1997). This means that the purchaser is not necessarily the end-user and the product they purchase may be used by more than one individual.

- Low involvement levels of repeat purchasing (Sheth and Venkatesan, 1968).
- The purchase transaction amount is usually low (Kotler, 2000).

(Habitual behaviour)

Behavioral loyalty in consumables goods markets is often the outcome of habitual behavior and is typically the outcome of low involvement in the product purchase (East, 1997). While the initial purchase may be high involvement for some products such as shampoo or headache tablets, subsequent purchases appear to become habit and this leads some researchers to believe that there is little, if any, decision making occurring. This suggests attitudinal measures would be of little use for practitioners marketing brands that are purchased out of habit where the market is stable. If however there are changes in the market such as a new entrant, legislation or technological improvements, the purchaser is more likely to engage in decision making, thus breaking the habitual nature of the purchase.

(Durable goods markets)

The second category of markets that will be discussed is durable goods markets. This type of market has received less attention in the marketing literature and as a consequence there is little discussion in the marketing literature on the purchasing behavior and hence loyalty in durable markets.

Durable goods markets

A durable good is a manufactured product capable of a long, useful life, such as furniture, household appliances and motor vehicles (McColl-Kennedy and Kiel, 1999). Durable goods are those that survive many uses (Kotler, 2000). This means that once the customer purchases the goods, he/she is temporarily out of the market for that good until it needs replacement. A durable goods market includes goods such as consumer washing machines, and the business to business fax machine market. Purchasing in a durable good market is expected to exhibit the following characteristics:

- Buyers do not frequently switch back and forth between competing brands.
- In any given time period, buyers are sole loyal or perhaps dual loyal. That is, brands enjoy 100 per cent of share of category requirements e.g. one Canon Fax in a household.

It may be that durable goods markets may look like fast moving consumer goods markets if a sufficiently long period of panel data were collected (Sharp and Wright, 1999). However, the period of interest, for example years for washing machines, would be too long to warrant collecting (useful) data

(An important distinction)

Durable products may look like service markets over a number of purchases (Sharp and Wright, 1999). However, an important distinction can be made and that is simply based on the fact that services are intangible and homogeneous, while durable goods are tangible and easily differentiated. The third market category that will be discussed is service markets.

Service markets

Compared with loyalty research on goods, studies on brand loyalty in service markets are less numerous (Javalgi and Moberg, 1997). For some years, marketers have been studying the differences between goods and services

(Berry, 1980) and assert there are four characteristics that differentiate goods and services, namely inseparability, intangibility, heterogeneity and perishability (Berry, 1980; McGuire, 1999). A service market would include consumer services such as air travel, hairdressing, legal services and business to business markets such as accountancy services and telecommunications.

(Characteristics of service markets)

The characteristics of service markets are:

- Since services are intangible and heterogeneous, most consumers will perceive higher risk in services than in goods (Javalgi and Moberg, 1997). According to Cunningham (1956) as perceived risk increases, the likelihood of loyalty to one brand increases (Javalgi and Moberg, 1997). Research demonstrates that there is a strong correlation between perceived risk and brand loyalty (Bauer, 1960). This is also supported by research into risk (Cunningham, 1956; Roselius, 1971; Sheth and Venkatesan, 1968). The implications of high-perceived risk on brand loyalty are that purchasers of services tend to be less likely to brand switch in order to minimise the perceived risk.
- Once again buyers typically do not share purchases for a product, e.g. hairdressing or accounting services, among a repertoire of brands and are hence sole loyal. That is, customers typically have 100 per cent share of category with a given brand.
- Relationships form a crucial part of the ongoing relationship between the service provider and customer (Caldow, 1998). Consumers may be more likely to remain loyal after they have established a relationship with their service provider.
- The difficulty in evaluating the quality of services makes brand loyalty more likely in service markets as customers become familiar with one service (Javalgi and Moberg, 1997).
- Loyalty in (some) service markets reflects inertia (Rundle-Thiele, 1999).
- The role of affect in brand loyalty is very important (Gremler and Brown, 1998; Dick and Basu, 1994). In particular the construct of satisfaction plays a key role in determining future patronage of the service provider.

(Behavioral definition of loyalty)

These characteristics indicate that in a service market many consumers would be considered loyal according to the behavioral definition of loyalty (due to 100 per cent share of category requirements) despite their intentions to change to a competing service during the next month. This indicates that attitudinal loyalty measures would be useful in service markets. Collecting behavioral loyalty statistics can be difficult in service markets. Long time periods are needed to examine brand-switching patterns. In service markets, where measurement is at an individual level, a practitioner will

only be aware of decreased loyalty when the customer has defected. Characteristics of service markets

Summarising brand loyalty measures

Table II summarises the characteristics according to the defined loyalty measurement approaches of each market type. This summary is largely conceptual and not based on empirical data.

Table II supports the notion that there may be types of loyalty (see Hammond *et al.*, 1996) and that the consideration of multiple types of loyalty could be useful for

	Consumables	Durables	Services
<i>Behavioural loyalty</i>			
Brand switching	Yes	No	No
Purchase frequency	High	Low	Medium to high
Loyalty type	Multi brand	Sole brand	Sole or dual brand
Share category (%)	Varies from 1 to 60	100	Typically 80 or higher
Proportion of sole buyers	Between 10 and 30 depending on number of brands		Approximately 80
<i>Attitudinal loyalty</i>			
Commitment	Varied	Not known	Higher
Purchase intention	Varied	Not known	Higher
<i>Loyalty drivers</i>			
Perceived risk	No	Yes	Yes
Inertia	No	No	Yes
Habit	Yes	No	Yes
Involvement	Low	High	High
Satisfaction	Varied	Not known	High
Relationship with product/service provider			
	Low	Not known	High

Table II. Summary of brand loyalty characteristics and measures

marketing practitioners. This is illustrated with the differences between fast moving consumer goods and service markets. In a service market there is a higher degree of sole loyalty than in a fast moving consumer goods market. Understanding the differences between market types will ensure that marketing practitioners do not allocate resources in a market where it is impossible to achieve an objective. An extreme example would be gaining an increase in sole loyalty in a fast moving consumer goods market that reflects levels of sole loyalty, which are typical in service markets.

Conclusion

(Some issues for marketing practitioners)

This paper has outlined some issues for marketing practitioners who are seeking to measure and understand the brand loyalty concept. This paper proposed that the nature of the markets being studied can determine the most appropriate brand loyalty

measure. Ideally, all brand loyalty research should incorporate both attitudinal and behavioral measures, as they are both complementary aspects of the one construct. However, due to resource and logistical constraints, this is not always possible and only one measure can be included. In consumable markets where the market is stable and where there is high switching and low involvement and risk, behavioral measures are appropriate for predicting future brand loyalty levels. However where the market is not stable, there is a propensity towards sole brands and there is high involvement and risk, then attitudinal measures may be better predictors of future behavior. As there are higher incidences of sole loyalty in both service and durable markets, attitudinal loyalty measures may be better predictors of future behavioral loyalty, and hence market share, levels.

Marketing practitioners must be able to determine which market type they are operating in. This is important because the nature of the market affects the types of measures and measurement periods which can be (practically) used. Of course, there are always ideals but some are simply not economical or even possible given required potential time frames.

Future research is required which empirically evaluates the differences in brand loyalty between services and both durable and fast moving consumer goods evident in this paper. Differences are likely to exist because of differences in purchasing and the drivers of loyalty in the different market types and this needs to be empirically examined.

Notes

1. Information search is the process in which the customer surveys his or her environment for appropriate data to make purchasing decision (Solomon, 1992).

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(This summary has been provided to allow managers and executives a rapid appreciation of the content of this article. Those with a particular interest in the topic covered may then read the article in toto to take advantage of the more comprehensive description of the research undertaken and its results to get the full benefit of the material present).

Executive summary and implications for managers and executives

Different markets could mean different types of loyalty

What do we mean by loyalty? Is this a matter for philosophers or something that should exercise the minds of all involved in serving customers? Indeed, can we assume that loyalty in one context is the same as loyalty in another? Can people be loyal without being enthusiastic or is satisfaction a prerequisite of loyalty?

All these questions are touched on in one way or another by Rundle-Thiele and Bennett in their discussion of the applicability of brand loyalty measures to different markets. And, at the heart of this discussion is the contention that “...there is no ideal, cure-all notion of brand loyalty but a number of appropriate measures which are context specific and are all appropriate for the situation.” There is no “unified field theory” for brand or customer loyalty, nor can we assume that the means of assessing loyalty in one set of circumstances is the same as in another set.

Separating the concept of loyalty from the measurement of loyalty

In discussing the management implications of Rundle-Thiele and Bennett’s assessment of brand loyalty, we have to distinguish between the idea of loyalty and the ways in which we measure loyalty. The idea of loyalty, we must remember, does not necessarily mean that we have a means of measuring that loyalty. Indeed, most measures of loyalty are, in truth, measures of surrogates and indicators rather than of loyalty itself.

We link repeat purchase, customer satisfaction, brand equity and other measures to loyalty because we find it difficult to identify a specific measure of loyalty itself. This does not mean that loyalty is illusory but it will always imply that the idea of brand loyalty differs in some ways from the “popular” idea of loyalty. At least part of this “popular” idea of loyalty rests in the willingness to remain faithful despite being dissatisfied or believing the subject of loyalty to be wrong.

The football supporter retains his support for the team when they do badly. I remain loyal to my country even when I dislike and disagree with the Government. But will I go on buying a particular brand of instant coffee even though I think it tastes foul and I don’t like the company? Somehow I doubt it. Most brands’ loyal customers are, in essence, “fair weather friends” although some people’s definition of “fair weather” is broader than others.

What Rundle-Thiele and Bennett argue is that the nature of loyalty varies between different markets and especially between consumable goods, durable goods and services. We can see how customers are fickle in markets for consumable goods - even promiscuous. And also how these same customers may show much higher degrees of loyalty in durable goods or services markets.

Different markets, different measures

Rundle-Thiele and Bennett make a crucial distinction between types of measures - some are “attitudinal” while others are “behavioural”. This distinction connects with the market type in that the degree of switching, involvement and risk indicates which of the measures is most appropriate. The analysis of these three variables should be used as a guide for managers or researchers looking at brand loyalty. Table 1 gives a simplified “model” for managers.

	High	Medium	Low
Switching	Behavioural	Behavioural	Attitudinal
Involvement	Attitudinal	Attitudinal	Behavioural
Risk	Attitudinal	Attitudinal	Behavioural

Table 1. The measures involved, “attitudinal” or “behavioural” in brand loyalty

We can see here how managers might approach the assessment of loyalty in a given market. However, we should note that the categorisation above is not "hard and fast". Indeed, Rundle-Thiele and Bennett do suggest that in some markets researchers should use attitudinal and behavioural measures. We can see how this might work from the table — a market with a medium degree of brand switching but a high level of involvement or risk would require both behavioural and attitudinal measures.

This tabulation is somewhat rough and ready and, as the authors point out, lacks any empirical validation. However, the use of loyalty measures by managers does require guidance and we can hope that this discussion assists managers in making the right choice of measures.

So how should the different market types affect strategies to promote brand loyalty?
Even without empirical validation we can see how differences in market type and their accompanying differences in loyalty — will influence the strategies used to promote loyalty. It's not simply a matter of selecting the right research measures but a fundamental difference in loyalty strategy.

In the competitive, consumable goods market, a loyalty strategy focuses on protecting market share by the reduction of switching. We will not be able to get people more "involved" in the purchase of a given type of consumable good. So we use brand promotions to maintain confidence in the brand and to secure the continuance of habitual behaviours in brand purchase.

In contrast, high involvement and high-risk categories require more emphasis on service elements since we can expect more direct contact with customers. A loyalty strategy should focus on communication directly with these customers rather than on more generalised brand promotions. At the same time advertising and other promotions should reinforce the positive perception we hope our customers have of our product or service.

By incorporating loyalty measures and considerations into marketing strategies, managers will be able to achieve a more effective overall marketing performance. But it is essential that the right measures are selected or we will find ourselves setting objectives founded on misleading research.

(A précis of the article "A brand for all seasons? A discussion of brand loyalty approaches and their applicability for different markets". Supplied by Marketing Consultants for MCB University Press.)