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Unpacking Loyalty: How Conceptual Differences Shape the Effectiveness of Customer Loyalty

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Report Summary

Customer loyalty is the most important goal of marketers, but achieving loyalty and reaping its rewards remain ongoing challenges. Inconsistent returns on loyalty efforts result in part because loyalty, as a marketing concept, has remained in dispute for 60 years. Various research approaches have produced stacks of evidence that support inconsistent conclusions, stemming from systematic divergences among loyalty conceptualizations and assessments.

To address this issue and advance loyalty theory, the authors synthesize theoretical and empirical loyalty research in two studies. Study 1 relates the theoretical domain to the empirical landscape through an item-level content analysis of loyalty research. The results reflect the lack of consensus between conceptualization and measurement. For instance, some measures of loyalty include related but separate constructs such as word of mouth and objective performance.

The meta-analysis in Study 2 synthesizes 130 independent samples from 116 articles reporting on the loyalties of 53,667 respondents to determine when loyalty is most effective for predicting performance outcomes. The authors' analysis reveals that varying conceptualizations and aspects specific to research context exert significant influences on loyalty effects, which helps explain the mixed results of previous studies.

The authors offer pragmatic guidance to both researchers and managers, addressing three simple but critical questions: *What is customer loyalty? How is it measured? What actually matters?* For marketing managers seeking to build loyalty, the results of the meta-analysis have important implications. The authors find that the effectiveness of strategies for building and profiting from customer loyalty varies depending on how loyalty is conceptualized and measured. For instance, value-based strategies are very effective at building behavioral loyalty (r = .67), but ineffective at building attitudinal loyalty (r = .05). Furthermore, true loyalty, which reflects the alignment of attitudes and behaviors, has the strongest effect on performance (r = .59) and is best built through customer satisfaction (r = .70) but not loyalty incentives (r = .37) such as reward points.

Overall, this study suggests that the $48 billion spent annually on loyalty rewards programs may be better allocated to initiatives that enhance satisfaction, since satisfaction is the foundation of true loyalty. Ultimately, marketing managers may use the results of this research to optimize their allocation of resources aimed at building profitable customer loyalty.

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Customer loyalty, as a goal, has long been viewed as a central thrust of any firm's marketing efforts (Dick and Basu 1994; Evanschitzky et al. 2011). In the past decade, U.S. firms have increased spending dramatically on efforts to build and manage customer loyalty and thereby withstand the onslaught of low cost and international competitors. For example, loyalty rewards, points, and miles issued in 2011 totaled more than $48 billion, going to more than 2.1 billion program enrollees in the United States alone (and the average household has 18 memberships; Colloquy 2011). Even Wall Street has taken notice: Goldman Sachs recently valued the *loyalty* of Apple's iPhone and iPad customers at nearly $295 billion, or approximately 55% of Apple's current market capitalization, and $40 billion more than the total worth of Microsoft (Elmer-DeWitt 2012). Despite such optimistic valuations, the returns on investments in customer loyalty are inconsistent (Henderson, Beck, and Palmatier 2011; Nunes and Drèze 2006). Although loyalty has been disputed for over 60 years (Brown 1952), researchers in the previous 20 years have contended that the mixed returns of loyalty on performance likely stems from a lack of consensus about how loyalty should be *theoretically conceived* and *empirically assessed* (Dick and Basu 1994; Oliver 1999; Reinartz and Kumar 2002). In turn, the focus of this research is to *synthesize past theoretical conceptualizations and divergent empirical findings to provide parsimonious guidance to both academics and managers seeking to understand the strategy → loyalty → performance process.*

While there is no consensus definition of loyalty, extant research mostly agrees that it represents a mix of attitudes and behaviors that benefit one firm, relative to its competitors (Day 1969; Dick and Basu 1994; Melnyk, van Osselaer, and Bijmolt 2009). Beyond this broad description is where the variation arises in the conceptualization and operationalization of loyalty, with significant theoretical and empirical implications. We address these issues in two sequential studies. First, we develop a broad framework for customer loyalty, based on definitions and measures published in 47 articles in top journals between 1999 and 2012. Guided by this structure, we perform an *item-level content analysis* to map loyalty theory onto loyalty practice (Study 1). This analysis suggests a high degree of conceptual and operational heterogeneity. For example, of all the items used to assess customer loyalty, 10% measure "loyalty" expressly, 18% focus on attitudes, 45% deal with behaviors, 7% measure antecedents of loyalty (e.g., commitment), and 20% assess outcomes of loyalty (e.g., performance, word of mouth [WOM]). Second, after identifying the commonalities and differences in

conceptualizations and measures of loyalty, in Study 2 we evaluate the degree to which these differences lead to disparate empirical results. To address this vastly broad research question, we adopt a method that enables us to aggregate decades of research on loyalty and derive empirical insight about how loyalty operates. Specifically, we perform a *multivariate meta-analysis* of studies published in marketing journals since 1980, which provide 130 independent samples from 116 articles reporting on the loyalties of 53,667 respondents. With this approach, we seek to understand how differences in relevant conceptualizations and measures influence the strategy → loyalty → performance process.

By integrating the results from our two studies, a content analysis and a meta-analysis, we offer four primary contributions to marketing research and practice. First, we help reconcile the two key theoretical dimensions of customer loyalty–attitudes and behaviors. Behavioral loyalty has a 21% stronger effect than attitudinal loyalty on objective performance; attitudinal loyalty has a 74% stronger effect than behavioral loyalty on WOM. However, composite measures of loyalty (i.e., attitudes *and* behavioral items included in a single construct) exhibit a 44% greater effect on objective performance compared with either attitudinal or behavioral measures alone, in strong empirical support of the importance of true loyalty (Dick and Basu 1994; Oliver 1999). The common practice (i.e., 70% of sample) of using single-dimensional measures of loyalty (attitude or behavior only) thus may provide poor guidance regarding the loyalty–performance linkage. This concern is especially problematic when we note that most research (65% of studies in our sample) examines loyalty as an "end-outcome" and a potentially misleading proxy for performance in discussing effective marketing strategies.

In this same vein, our results show that loyalty-building strategies are differentially effective for each loyalty dimension (i.e., attitudes or behaviors). For example, relational strategies (commitment, trust) are significantly more effective at building attitudinal rather than behavioral or composite loyalty. For transactional strategies (value, satisfaction), we find mixed results: Value is significantly more effective at building behavioral loyalty than attitudinal or composite loyalty (but does not significantly affect attitudinal loyalty), which suggests that firms focused on everyday low prices need to recognize that value "by itself" has little effect on attitudinal loyalty. Instead, customer satisfaction is significantly more effective for building composite rather than attitudinal or behavioral loyalty.

Second, beyond decomposing the strategy → loyalty → performance process across attitudinal, behavioral, and composite loyalty, our analysis uncovers two aspects of loyalty that vary consistently across studies: temporal perspective (evidence-based vs. prediction-based) and target (firm, brand, salesperson). Previous research typically ignores variations in the temporal perspective and targets, without discussing the potential theoretical or measurement ramifications of doing so. Yet it is important to account for these two aspects of loyalty; we find that evidence-based loyalty (i.e., reports of customer loyalty that are occurring or have already occurred) have a 58% greater effect on performance and WOM outcomes than prediction-based reports (i.e., those based on intended or predicted loyalty). We also evaluate targets and find that firm-targeted loyalty has a 13% stronger effect than salesperson-targeted loyalty on objective performance, whereas salesperson-based loyalty exhibits a 10% stronger effect on WOM than firm-based loyalty.

Third, in investigating potential contextual moderators of the links among loyalty, performance, and WOM, we find that the effect of loyalty on WOM is significantly greater for services than products (13%) and in business rather than consumer markets (35%). The effect of loyalty on WOM behavior increases over time too, such that this effect is 89% stronger today than it was 10 years ago. Extant research offers two plausible explanations for this increasing effect. The recent reduction in one's personal relationships (McPherson, Smith-Lovin, and Brashears 2006) may be increasing the prevalence and importance of exchange-based relationships and thus shifting conversational topics toward products and businesses rather than personal matters. In addition, enhancements in online technology have made it easier for customers to engage in different WOM activities (Sonnier, McAlister, and Rutz 2011).

Fourth, we provide specific guidance to enhance the understanding and effectiveness of loyalty strategies. This guidance includes a refined conceptual definition of loyalty, insights into the types and aspects of loyalty that can reduce measurement heterogeneity and increase theoretical–operational alignment, and exemplary loyalty measures. These recommendations are supported by both theory and our empirical results. Insights into the magnitude and direction of this potential bias are critical, because researchers and managers alike face significant design and measurement constraints when collecting customer data. Without understanding the "true" effects, loyalty strategies may be suboptimal.

In summary, we attempt to bring clarity to the various conceptual and empirical findings that appear in nearly 3000 peer-reviewed publications related to loyalty since 1990 (ISI Web of Science) by answering three important but simple questions:

(1) *What is customer loyalty?*

(2) *How is it measured?*

(3) *What actually matters*?

Theoretical Domain of Customer Loyalty

Broadly, loyalty is perseverance in mind and action that a person directs toward products, firms, brands, services, activities, or other people. In the absence of a universally accepted definition, three general research approaches to loyalty have emerged: attitudinal-based, behavioral-based, and a composite approach that combines attitudes and behaviors. We present definitions for all these constructs in Table 1, following references. Attitudes and behaviors constitute loyalty's two key dimensions, but the construct's boundaries otherwise have been quite permeable. Jacoby and Chestnut (1978) cite more than 50 definitions of loyalty—a number that has since grown. This lack of consensus motivates our work.

Attitudinal, behavioral, and composite loyalty

Attitudes are the first dimension of loyalty. Current academic research portrays people as motivated information processors who use information to form attitudes (Ahluwalia 2000; Moorman, Deshpandé, and Zaltman 1993). Attitude strength, a result of systematic evaluations (Petty and Cacioppo 1986), influences many customer performance–related behaviors (Park et al. 2010; Petty, Haugtvedt, and Smith 1995). However, in a competitive marketplace, customers also are subject to marketing attempts from other firms that seek to change their attitudes. When this information is attitude consistent, it engenders positive affect toward the object, but attitude-inconsistent information can produce negative affect and greater scrutiny (Ditto and Lopez 1992; Jain and Maheswaran 2000). Negative affect induces more effortful information processing than positive affect, as a means to cope with counter-attitudinal information (Isen 1984). Strong positive attitudinal development therefore is a key dimension of customer loyalty that induces "defensive processes" that cause customers to resist competitive overtures (Ahluwalia 2000, p. 230). Because counter-attitudinal information tends to encourage switching behavior, loyal

customers, by resisting it, exhibit a strong tendency to repeat their prior purchase behavior. Oliver (1999, p. 34) captures this idea when he notes that loyalty persists "despite situational influences and marketing efforts [that have] the potential to cause switching behavior."

Behavior, the second dimension of loyalty, also is central in loyalty research (Ailawadi, Pauwels, and Steenkamp 2008; De Wulf, Odekerken-Schröder, and Iacobucci 2001). Various examinations of customer loyalty focus on measuring behaviors, such as repeated purchase behaviors, which have obvious benefits for a firm's financial performance. This view has given rise to several stochastic models of loyalty, including the use of recency, frequency, monetary theory; churn/retention; and purchase sequences. Prior research also demonstrates the benefits of behavioral loyalty. For example, Gupta, Lehmann, and Ames Stuart (2004) find that the impact of a 1% improvement in customer retention is five times greater than the effects of a similar increase in margin. Yet purely behavioral approaches are often agnostic about the psychological processes associated with customer action. They ignore the real possibility that repetitive purchase behavior arises from situational constraints, such as a lack of viable alternatives, or usage situations, such as habit (Henderson, Beck, and Palmatier 2011). Regardless of the cause though, customer behaviors can explain financial outcomes as loyalty-based purchase activities.

Recent research often incorporates both dimensions (Brüggen, Foubert, and Gremler 2011). Composite views of loyalty afford researchers a more complete picture of loyalty than can purely attitudinal or purely behavioral models (Olsen 2002). Early research proposes that loyalty consists of repeated purchases, promoted by a strong internal disposition (Day 1969). This proposal then evolved to a view that maintains loyalty is a biased, behavioral response that is a function of underlying psychological processes. When a customer holds a high *relative* attitude and inclination to repeat purchase, rather than switch to competitive offerings, he or she is considered truly loyal (Dick and Basu 1994; Oliver 1999). In the composite view, true customer loyalty is characterized by the *alignment* of attitudinal and behavioral dimensions.

Other constructs and aspects included in loyalty research

In addition to its key types, conceptualizations of loyalty often include related constructs and other elements associated with the study's design or context. Researchers have enhanced the customer loyalty concept with assorted constructs, such as advocacy (Jones, Taylor, and Bansal 2008), willingness to pay a price premium (Chaudhuri and Holbrook 2001), or continued silence

in the hope that things get better (Hirschman 1970). However, these constructs generally are outcomes of attitudes and behaviors and should be decoupled from loyalty. Other researchers incorporate various temporal and target (firm, brand, salesperson) aspects into their conceptualizations of loyalty. For example, loyalty might evoke past loyal behaviors (Ailawadi, Pauwels, and Steenkamp 2008; Davis-Sramek et al. 2009) or planned future loyal intentions (Johnson, Herrmann, and Huber 2006; Wagner, Hennig-Thurau, and Rudolph 2009). Researchers also argue that loyalty may be "owned by" or directed toward the selling firm or a salesperson (Palmatier, Scheer, and Steenkamp 2007). It is not clear though how these different aspects influence the efficacy of loyalty strategies.

Study 1: Matching Theory to Practice through Content Analysis

Before we empirically investigate the effects of different conceptualizations and operationalizations of loyalty on the strategy → loyalty → performance process, we first identify the scope and content of variation in loyalty research. This step provides an empirically testable framework and ensures our comprehensive analysis of the state of loyalty research. In essence, it addresses a central question: *How is loyalty theorized and measured in extant research*?

To answer this question, we conducted a content analysis of measures previously used to examine loyalty in publications in top journals. Content analysis provides an "objective, systematic, and quantitative description" of the substance of the text of loyalty research (Berelson 1971, p. 489; Krippendorff 2012). Therefore, we can inventory and analyze measurement items and chart the prevalence of the previously published theoretical types and aspects of loyalty. Accordingly, in Study 1 we employ an item-level evaluation of top-level journal articles published in the past decade to derive a map of operational choices by the field's leading scholars. It provides a means to identify commonalities and differences across studies at the actual level of analysis, to understand the extent of operational variation in the field. In Study 2, we evaluate the empirical impacts of these theoretical and operational choices.

Study 1 methodology: content analysis

Criteria for inclusion. We used Oliver's 1999 article, "Whence Consumer Loyalty," as a starting point for our data collection, because this well-cited (more than 3,600 citations in Google scholar) and relatively recent conceptual article aimed expressly to delineate and conceptualize

customer loyalty. In the search process, we used the EBSCO database to review journals ranked in the highest tier (Polonsky and Whitelaw 2006), namely, *Journal of Marketing*, *Journal of Marketing Research*, *Marketing Science*, *Journal of Consumer Research*, *Journal of Retailing*, and *Journal of the Academy of Marketing Science*, over 1999–2012. Each article of each volume of these journals was evaluated and included if its authors measured any construct with "loyalty" in its name (e.g., consumer loyalty, customer loyalty, behavioral loyalty), except for employee loyalty or similar unrelated constructs. Studies that met the criteria for inclusion also needed to provide the exact item wording for survey-based studies or exact measurement definition for observational studies. This process uncovered 47 articles containing 59 constructs related to customer loyalty.

Item-level coding. We extracted, coded, and categorized each measurement item (i.e., questions responded to by each study's participants or objective measures), following a predefined set of rules (Kolbe and Burnett 1991) that reflect the types and aspects of customer loyalty outlined in our prior theoretical review. Content analysis offers insights into recent practices and enables us to determine how researchers operationalize customer loyalty. Thus, loyalty is reflected in the choice and bundling of items.

The items were extracted verbatim for a content inventory. Guided in part by our literature review, we deconstructed each sentence into smaller parts and coded the language of each of the 177 items for common content (e.g., attitudes, WOM, purchase, commitment), the temporal perspective (e.g., evidence- vs. prediction-based), and the target of loyalty (firm, offering, brand, salesperson). To ensure the reliability of the coding process, a second researcher independently coded the sample; we resolved any differences through discussion (overall agreement > 95%). This procedure also enabled us to examine the bundle of items each researcher chose to measure loyalty and thereby determine the extent to which these researchers maintained construct purity. For example, one researcher might have used four items, all measuring purchase, and thus adopted a pure behavioral loyalty approach, whereas another could have used two attitudinal and two behavioral items in a composite measure, and yet another researcher might have used two purchase items and contaminated the construct with two WOM items.

Study 1 results

The results of the content analysis in Table 2, following references, demonstrate the relatively low consensus regarding the conceptualization and measurement of loyalty; items varied both across and within loyalty measures and in multiple ways. Overall, the measures of behavioral loyalty centered on actual purchase (38% of items), nonpurchase behaviors (7%), WOM (8%), and performance (12%). Although attitudinal loyalty is a key dimension, attitudes are slightly less well represented than behavioral measures, accounting for roughly 18% of loyalty items. This tendency is reaffirmed by the choice of item bundles, such that approximately 53% of constructs used a composite of attitudinal and behavioral measures, rather than purely attitudinal (8%) or purely behavioral (39%) assessments.

The results also highlight two issues with the operationalization of loyalty, which has received relatively scant attention. First, loyalty's temporal perspective and target often vary across measures. For example, the use of evidence- versus prediction-based loyalty items is nearly equally divided, at 56% and 44%, respectively. Prior research has shown that the abstract cognitive processes of reconstructing the past and constructing the future can dynamically influence decision making (Zimbardo and Boyd 1999), so the selection of a temporal measurement perspective may create variance in the results, given the lack of a dominant choice among researchers. In addition, the selling firm is the primary target of customer loyalty (59%), followed by the product or service offering (20%), brand (13%), and salesperson (8%). Research has shown that firm- and salesperson-based loyalty reflect different decision heuristics and differentially affect performance (Palmatier, Scheer, and Steenkamp 2007).

Second, we find that though these studies predominantly describe and treat loyalty as a theoretically distinct construct, discriminant validity issues persist. Again as a result of theoretical discord in the conceptualization of loyalty, we find that roughly 15% of measures are contaminated with items related to WOM or commitment. Although commitment and loyalty are theoretically related, by definition they are separate constructs, such that commitment leads to customer loyalty (De Wulf, Odekerken-Schröder, and Iacobucci 2001). Similarly, the prevalence of WOM as a measure of customer loyalty, also a closely linked construct, contrasts with both theoretical (Dick and Basu 1994) and empirical (de Matos and Rossi 2008; Söderlund 2006) arguments for their separation.

Overall then, Study 1 provides three critical insights. First, there is a high degree of heterogeneity in the conceptualization and operationalization of loyalty, both within constructs and across studies, which undermines the interpretation and comparison of findings. Second, these inconsistencies persist in recent, top journal articles, even after 20 years of theory aimed at curtailing such disparities. Third, there are patterns associated with this variation: Loyalty most often varies with regard to content (attitude, behavior, composite) and aspect (temporal perspective, target). Thus, in Study 2 we build a conceptual model that makes theoretical predictions about the nature of these differences, then test these predictions with a larger sample using meta-analytic techniques.

Study 2: Effect of Theoretical Differences on Strategy–Loyalty–Performance Links

Similar to a content analysis, a meta-analysis offers a systematic, disciplined method to synthesize research. A meta-analysis of extant loyalty research provides a comprehensive framework from which to examine the empirical impact of variations in the research design across loyalty studies (e.g., types, perspectives, context), which would be cumbersome using other methods. It offers a pseudo-laboratory, well suited to test how different conceptualizations of loyalty, as reflected in item-level constructions, actually behave in different business environments. Thus, it allows us to address the question: *What actually matters*?

Study 2 conceptual model and hypotheses

To determine "what matters," we organize our conceptual model by antecedents (drivers of loyalty), mediators (types of loyalty), outcomes (benefits of loyalty), and moderators (qualifiers of the linkage between loyalty and its benefits). Attitudinal, behavioral, and composite loyalty are separate mediators in our model, so that we can isolate relative differences in both the main and the interaction effects across each loyalty conceptualization. We include an antecedent or outcome in the conceptual framework if extant literature contains at least three effects that support its empirical link to all three forms of loyalty (attitudinal, behavioral, composite). Table 1, following references, lists construct definitions. Of the many constructs that have been investigated, we identified five antecedents (commitment, trust, loyalty incentives, satisfaction, and value) and two outcomes (objective performance and word of mouth) that met these criteria (see Figure 1, following references).

Consistent with our research questions, our hypotheses focus on comparative differences among the links in our model, paralleling the different conceptualizations and operationalizations of loyalty we found in Study 1. Specifically, we maintain the nomological separation among attitudinal, behavioral, and composite loyalties and offer hypotheses regarding which type of loyalty each relationship-building strategy (antecedent) exerts the strongest effect on, as well as which outcome is most strongly determined by each type of loyalty. In turn, we propose moderation hypotheses to account for the variety of loyalty operationalizations and research contexts revealed by the content analysis in Study 1.

Antecedents of customer loyalty. As noted, the antecedents that met our criteria for inclusion were commitment, trust, loyalty incentives, satisfaction, and value. In theorizing about which antecedents are likely to improve customer loyalty primarily through the attitudinal or the behavioral dimension, we group commitment, trust, and loyalty incentives together as relational antecedents and differentiate them from satisfaction and value, which are primarily associated with transactional exchanges (Anderson, Fornell, and Mazvancheryl 2004; Bolton, Kannan, and Bramlett 2000; Morgan and Hunt 1994). Each positive transaction experience helps build relationships, and relationships influence evaluations of specific offerings. However, Anderson and Narus (1991) also note that the nature of exchanges between buyers and sellers can range from transactional to relational, such that customers can transact without forming a relationship or build a relationship with minimal transactions. This distinction also reflects reality: Firms might choose loyalty-building strategies that primarily seek to improve specific customer relationships or invest in improving their overall products and services, without addressing any particular relationship.

With this reality in mind, we argue that relational antecedents are particularly well suited to build attitudinal loyalty, more so than behavioral loyalty. Commitment, the "enduring desire to maintain a valued relationship" (Moorman, Deshpandé, and Zaltman 1993, p. 316), and trust, the "confidence in an exchange partner's integrity" (Morgan and Hunt 1994, p. 23), support the holder's positive evaluation of a loyalty target and reduce risk.

Alternatively, transactional antecedents (i.e., satisfaction and value) should be better suited to support behavioral rather than attitudinal loyalty. Satisfaction reflects a customer's overall evaluation of experiences with a firm's offering, and value reflects the evaluation of the offering's benefits compared with its costs (Anderson, Fornell, and Mazvancheryl 2004; Oliver

1999). Both constructs are strong determinants of choice, but they do not inherently support the development of high attitudinal loyalty, because customers that seek to maximize transactional value and satisfaction must be ready to switch providers if the competitive landscape changes. In other words, any positive attitudes related to satisfaction or value likely stem from the deal, not the provider. However, cognitive biases that induce behavioral loyalty develop when repeated transactions consistently provide satisfactory outcomes, even if the customer has purely transactional motivations. For example, habits naturally develop over a series of satisfying purchases, which then supports automatic repeat buying and limits the search for alternatives (Henderson, Beck, and Palmatier 2011). In turn, the transactional antecedents of satisfaction and value should exhibit a stronger effect on behavioral than on attitudinal loyalty.

H_1: The positive effects of (a) commitment and (b) trust are stronger on the attitudinal dimension of loyalty than on the behavioral dimension of loyalty.

H_2: The positive effects of (a) satisfaction and (b) value are stronger on the behavioral dimension of loyalty than on the attitudinal dimension of loyalty.

Outcomes of customer loyalty. The two managerial outcomes of customer loyalty most commonly studied are financial performance and positive WOM. In considering which type of loyalty best supports seller performance, Dick and Basu (1994) provide a strong conceptual argument that neither a relatively high attitude nor a behavioral inclination to purchase repeatedly are sufficient to capture customer loyalty fully. Customers with high attitudinal loyalty are willing to go to greater lengths to support a seller, and their cognitive biases help them resist competitive persuasion attempts through mechanisms such as avoidance or counterarguments (Ahluwalia 2000; Park et al. 2010), but these customers also may lack the ability or opportunity to support the seller (e.g., financial constraints). Behavioral loyalty directly supports higher seller revenues (e.g., frequent repurchasing) and demonstrates the customer's ability and opportunity to support the seller, but these benefits may be short lived if customers lack motivation to continue their purchase behaviors when the environment changes. Furthermore, behaviorally loyal customers with low attitudinal loyalty may be more likely to exploit their relative importance and extract extra concessions from the seller. Composite loyalty captures both behavioral and attitudinal dimensions, which reflects customers' desire, opportunity, and ability to support the seller financially while avoiding competitors. Thus, composite loyalty should be the strongest predictor of objective performance.

Positive WOM—including customer recommendations of and advocacy for a seller to a third party—is unique in that it extends beyond the customer–seller dyad to involve a third party; consequently, these customers put their own reputation at risk. Attitudinal loyalty, which captures a strong desire to support the seller even at some personal expense, is especially important to WOM, because customers risk damaging their own reputation if a third party, acting on their recommendation, is disappointed (de Matos and Rossi 2008). Although experience through behavioral loyalty is associated with strong attitudinal evaluations (Fazio et al. 1982), such evaluations are not necessarily positive in valence, such as when they are triggered by a service failure (Gelbrich 2010). If customers are behaviorally loyal because of circumstances unique to their situation (e.g., a grocery store located near their home) and lack attitudinal loyalty, they are less likely to recommend, especially to others who do not share the same circumstances. Behavioral loyalty even could reduce WOM if customers purchase so frequently that they fear sharing information would reduce availability for themselves. Accordingly, attitudinal loyalty, which creates a desire to help the seller, should be the primary form of support for positive WOM.

H_3: Composite loyalty has a stronger positive effect on objective performance than (a) attitudinal loyalty or (b) behavioral loyalty.

H_4: Attitudinal loyalty has a stronger effect on word of mouth than (a) behavioral loyalty or (b) composite loyalty.

Moderating effects of temporal perspective and target. In our content analysis in Study 1, we found that two aspects of loyalty systematically varied across loyalty measures, namely, the temporal perspective and the target. Although research questions or contexts might restrict researchers' choices of evidence- versus prediction-based loyalty, we expect evidence-based loyalty to exhibit a stronger effect on both objective performance and positive WOM. First, evidence-based loyalty assessments tend to be more accurate, because they avoid the disconnect between abstract predictions and actual behavior (Ajzen 2002; Zimbardo and Boyd 1999). Second, prediction-based loyalty relies on top-of-mind factors, whereas evidence-based loyalty benefits from subtle psychological mechanisms that offer powerful predictors of future behavior (e.g., cognitive dissonance, habit, sunk costs, switching costs; Henderson, Beck, and Palmatier 2011). Therefore, all types of loyalty should have a greater influence on both WOM and firm performance when measured as evidence-based rather than prediction-based.

Study 1 also demonstrated that the research target frequently varies, yet the research conclusions often ignore the potential implications of this distinction. Loyalty to the firm should be a better predictor of objective performance than loyalty to a salesperson, for several reasons (Palmatier, Scheer, and Steenkamp 2007). Loyalty to a salesperson creates dangers, in that salespeople frequently change positions, so the firm's window to benefit from this loyalty is relatively short; it also might transfer to a competitor if the salesperson switches firms. In addition, salespeople may act opportunistically as agents of the firm and offer their favorite customers unnecessary discounts and perks to gain personal favor (Palmatier et al. 2009). A third danger arises when the salespeople to whom the customer is most loyal only represent a limited portion of the firm's total offering, such that customers deal with multiple salespeople, brands, and locations. This narrow representation restricts the benefits that might accrue if the same amount of loyalty were directed to the firm as a whole. Thus, we expect firm loyalty to have a greater impact on performance than salesperson loyalty.

However, loyalty to a salesperson should be a better predictor of WOM than loyalty to a firm, because customers can be more confident that others following their recommendations will enjoy a similarly positive experience if they recommend a certain salesperson. Customers view salespeople as more consistent or entatitive targets than firms, which comprise multiple salespeople, brands, and locations. Thus, when assessing an individual as opposed to a firm, "customers are quicker to form judgments, believe the judgments more strongly, and are more likely to act on the beliefs" (McConnell, Sherman, and Hamilton 1997, p. 759). Loyalty to salespeople therefore should have a greater impact on positive WOM than loyalty to a firm, because it is based on a more consistent target.

H_5: Evidence-based loyalty exhibits a stronger effect on (a) objective performance and (b) word of mouth than does prediction-based loyalty.

H_{6a}: The positive effect of customer loyalty on objective performance increases when loyalty targets the firm versus the individual salesperson.

H_{6b}: The positive effect of customer loyalty on word of mouth increases when loyalty targets the individual salesperson versus the firm.

Moderating effects of exchange context. Another source of variation across loyalty studies is the research context. We have no reason to believe that the effect of loyalty on objective performance will vary by context, because all businesses should benefit from the financial

consequences of attitudinal and behavioral loyalty. However, the effect of loyalty on WOM should vary, depending on the exchange context, because WOM is provided at the customer's discretion, and the exchange context generally influences customers' motivation and ability to provide recommendations (Palmatier et al. 2006). Customers are more motivated to recommend a seller in contexts in which their recommendation is likely to be helpful to recipients (e.g., friends, colleagues, audience) and when the recommendation is easy to provide (Kozinets et al. 2010). A loyal customer therefore should provide more recommendations of services (versus products), in business-to-business markets (versus business-to-consumer), and of recent experiences (versus farther in the past), due to his or her greater motivation and opportunity to provide recommendations in such contexts.

In both service and business contexts, more customization, coproduction, and collaboration is necessary to conduct an exchange, which makes it more difficult to assess potential providers ex ante (Payne, Storbacka, and Frow 2008). In these contexts, a current customer's recommendation is more valuable to friends and colleagues who have difficulty assessing potential sellers, which increases the customer's motivation to expend the effort to make WOM recommendations (Kozinets et al. 2010). For example, why would a customer bother to give a recommendation to a friend if the friend can easily identify the best providers or if the recommendation has little value for the friend? Following this logic, we expect that a given level of loyalty has a greater impact on WOM behaviors in service and business markets, because customers are more motivated to act when doing so provides more value to friends and colleagues.

In the past few decades, technology advances have made it easier for loyal customers to advocate for firms and brands through the Internet (e.g., social media, blogs), which increases customers' ability to act on their loyalty easily by recommending (or disparaging) sellers to other potential customers (Sonnier, McAlister, and Rutz 2011).

H_7: The positive effect of customer loyalty on word of mouth increases when exchanges occur in service versus product markets.

H_8: The positive effect of customer loyalty on word of mouth increases when exchanges occur in business versus consumer markets.

H_9: The positive effect of customer loyalty on word of mouth has grown stronger over time.

Study 2 methodology: meta-analysis

Database coding. We used multiple approaches to identify potential studies for inclusion in the meta-analysis. To add to the studies included in the content analysis, we examined every article, in chronological order, from 1980 to the present published in *Journal of Marketing*, *Journal of Marketing Research*, *Marketing Science*, *Journal of Consumer Research*, *Journal of Retailing*, and *Journal of the Academy of Marketing Science* to find measures related to attitudinal, behavioral, or composite customer loyalty. We then performed a more targeted search using the Business Source Premier EBSCO, ABI/Informs, and PsychINFO global databases, seeking studies that investigated issues related to customer loyalty by using the search terms such as "loyalty," "attitudes," "repurchase," and related synonyms, across all scholarly, peer edited marketing and management journals electronically available. Finally, we inspected the reference sections of all major narrative and empirical reviews of customer loyalty and related research to identify any study that might have gone unnoticed.

After identifying studies for inclusion in our data set, we evaluated their appropriateness. We used several decision rules to qualify a study for inclusion. First, it needed to report the Pearson correlation coefficient, or sufficient statistical information to compute a correlation coefficient, of attitudinal, behavioral, or composite loyalty with at least one other construct of interest. Second, each study had to report the exact wording or operational definition of the measures, so that the steps of the Study 1 content analysis could be repeated for the extended sample. The first author initially coded all the items in each of the articles according to the established definitions in Table 1, following references. To affirm the reliability of this coding process, the second author independently coded the studies too, and any differences (overall agreement > 95%) were resolved through discussion with a third coder. To be included into the final database, the loyalty construct cannot have been contaminated with related items, such as commitment or WOM. Thus, each loyalty measure was classified as purely attitudinal, purely behavioral, or composite loyalty. Any studies that exhibited compromised measures were excluded from the final analysis, leaving 130 independent samples in 116 articles reporting on 53,667 respondents, from 1980 to the present.[1]

Analysis. After compiling the data, we corrected every correlation for measurement error.

[1] A list of all the articles included in the sample is available from the authors on request.

Measurement error leads to an underestimation of the true correlation between two constructs (Hunter and Schmidt, 2004 p. 33). We calculated the effect of measurement error on the observed correlation reported by taking into account the reliabilities (i.e. Chronbach alphas) of the measures used for each individual study. For every correlation, we calculated the attenuation (downward bias) factor for measurement error as the product of the square roots of the reliability coefficient of the dependent variable and the reliability coefficient of the independent variable (i.e. $a_c = \sqrt{a_{xx}}\sqrt{a_{yy}}$), per Hunter and Schmidt (2004)[2]. To give greater weight to more precise estimates with larger sample sizes, we transformed the reliability-corrected correlations into Fisher's z-coefficients, then averaged and weighted them by an estimate of the inverse of their variance (N – 3). Following standard procedures (Shadish and Haddock 2009), we transformed the z-scores back to obtain the revised, sample-weighted, reliability-adjusted correlation coefficients and 95% confidence intervals (Hedges and Olkin 1985). Next, to address the potential problem of selective publication bias, we computed the file drawer N and the Q statistic (d.f. = n – 1) test of homogeneity (Rosenthal 1979). The moderation analysis relied on split sample t-test comparisons of Fisher z-transformed correlations for dichotomous variables and regression analyses for the one continuous moderator, that is, year of publication. We only executed moderation analyses when the total number of effects was three or more in each subgroup. The appendix, presented prior to references, shows the average reliability-adjusted meta-analytic correlations among constructs in our causal model[3].

Study 2 results

In Table 3, following references, we report the sample-weighted, reliability-adjusted, mean correlations between each antecedent and attitudinal, behavioral, and composite forms of customer loyalty. Consistent with our predictions, not all the commonly studied antecedents influenced the different types of loyalty in the same way. As substantial relationship marketing research has shown, commitment ($r_{attitudinal} = .80$, $r_{behavioral} = .61$, $p < .01$) and trust ($r_{attitudinal} = .68$, $r_{behavioral} = .69$, $p < .01$) were both effective approaches for building customer loyalty.

[2] If X and Y are random variables, with correlations r_{xy} and a known reliability measure, such as chronbach's alpha for each variable a_{xx} and a_{yy}, then the correlation between the two variables corrected for attenuation (i.e. downward bias due to measurement error) is $r'_{xy} = r_{xy}/\sqrt{a_{xx}a_{yy}}$. This corrected measure is then used to compute corresponding Z-scores and proceed with the analysis.

[3] A fixed effects linear model of raw (unadjusted) correlations reveals congruent results to the main method we used for moderation analysis. Interested readers may email the authors for the results. We thank an anonymous reviewer for making this suggestion.

Commitment exerted significantly larger effects on attitudinal compared with behavioral loyalty; the 95% confidence intervals for the effects of these constructs on attitudinal and behavioral loyalty did not overlap, in support of H_{1a} and H_{1d}. However, the effect of trust on attitudinal and behavioral loyalty was not significantly different, so we must reject H_{1b}. Loyalty incentives influenced customer loyalty more through attitudes ($r_{attitudinal} = .62$, $p < .01$) than behaviors ($r_{behavioral} = .35$, $p < .01$). Customer satisfaction appeared to drive attitudinal loyalty ($r_{attitudinal} = .63$, $p < .01$), more so than behavioral loyalty ($r_{behavioral} = .44$, $p < .01$), in contrast with H_{2a}. Perceived value also drove behavioral loyalty ($r_{behavioral} = .67$, $p < .01$) far more than the attitudinal loyalty ($r_{attitudinal} = .05$, *n.s.*), as we predicted in H_{2b}.

The sample-weighted, reliability-adjusted, mean correlations for the three types of loyalty and the outcomes appear in Table 4, following references. Confirming H_{3a} and H_{3b}, composite loyalty ($r = .59$, $p < .01$) exhibited a significantly stronger impact on objective performance than either attitudinal ($r = .34$, $p < .01$) or behavioral ($r = .41$, $p < .01$) loyalty, which lent further credence to the idea of true loyalty (Dick and Basu 1994; Oliver 1999). In accordance with H_{4a} and H_{4b}, the effect of attitudinal loyalty ($r = .82$, $p < .01$) on WOM was greater than that of either behavioral ($r = .47$, $p < .01$) or composite ($r = .69$, $p < .01$) loyalty.

Table 5, following references, contains the moderation effects for the loyalty–outcome link. Consistent with H_5, regarding the moderating impact of the temporal perspective, evidence-based loyalty exhibited a stronger effect on objective performance ($r_{evidence} = .52$, $r_{prediction} = .33$; $p < .01$) and WOM ($r_{evidence} = .66$, $r_{prediction} = .54$; $p < .01$) than prediction-based loyalty. The results also confirmed that customer loyalty had a stronger impact on objective performance when the target of that loyalty was the firm rather than an individual salesperson ($r_{firm} = .50$, $r_{individual} = .44$; $p < .01$), in support of H_{6a}. The impact of customer loyalty on WOM increased when the target was the salesperson rather than the firm ($r_{individual} = .60$, $r_{firm} = .55$; $p < .01$), in support of H_{6b}.

The effect of customer loyalty on WOM was greater in both service ($r_{service} = .61$, $r_{product} = .54$; $p < .01$) and business ($r_{business} = .74$, $r_{consumer} = .54$; $p < .01$) markets, which supported both H_7 and H_8. In our analysis of our continuous moderator, year of publication, we found that the effect of loyalty on WOM increased significantly, in line with the year of publication (standardized $\beta_{year} = .45$, $p < .01$), in support of H_9. That is, the effect of customer loyalty on WOM has grown stronger over our sample period. We did not expect context to moderate the

linkage between loyalty and performance, but we tested its moderation for completeness; we found no significant moderation.

Strengthening the Loyalty Framework for Researchers and Practitioners

From this precise conceptualization and examination of the types, aspects, and contexts of loyalty, we offer several theoretical and practical insights to guide marketing research and practice. This evidence enables us to synthesize decades of research and (1) provide a single conceptual definition of loyalty, (2) describe how researchers should approach empirical definitions to clarify crucial aspects of their treatment of loyalty and reduce measurement heterogeneity, and (3) provide exemplar loyalty measures, as we summarize in Table 6, presented after references.

From a conceptual standpoint, *customer loyalty is a collection of attitudes aligned with a series of purchase behaviors that systematically favor one entity over competing entities*. However, empirical definitions should append a temporal perspective (evidence- vs. prediction-based) and a description of the target of the loyalty (individual, brand, or firm), because each of these factors influences how loyalty gets processed psychologically and thus its ultimate impact on performance outcomes. To address various combinations of empirical definitions, we offer 10 adaptable items, extracted from various studies that broadly capture dimensions (attitudes and behaviors) and aspects (temporal perspective, target) that influence the effectiveness of loyalty. Thus, we offer specific advice on the basis of our findings to enable practitioners and researchers to more accurately capture the customer loyalty construct.

Guidance for researchers

For researchers, evidence clearly supports three primary conceptual guidelines that every loyalty study must consider going forward. First, if researchers seek to understand how antecedents create loyalty, then loyalty must be measured and reported as an attitude or behavior separately, because the antecedents differentially build each form. Value has little effect on attitudinal loyalty (r = .05) but a strong effect on behavioral loyalty (r = .67). Ignoring such differences could result in misleading results that depend more on the loyalty dimension measured than the actual efficacy of the loyalty-building strategy. Second, if researchers seek to understand the effect of loyalty on objective performance outcomes (e.g., revenue, profit), they

must measure loyalty as both an attitude *and* a behavior, because composite loyalty is the best predictor of objective performance. In addition, loyalty to a firm predicts objective performance better than loyalty to a salesperson. Third, if research aims to investigate WOM outcomes, attitudinal loyalty may be the best predictor, because behaviors reflect potential constraints (e.g., size of wallet, store location) that are less important for WOM outcomes. Technology and other social shifts also enhance the effect of loyalty on WOM over time.

Guidance for practitioners

For practitioners, we offer three primary recommendations. First, even if assessed with just two questions (e.g., "What is your attitude about X relative to its competitors?" and "How often do you purchase from X instead of its competitors?"), customer loyalty measures should reflect both attitudes and behaviors, because composite loyalty predicts objective performance (r = .59) better than attitudinal (r = .34) or behavioral (r = .41) loyalty alone. It is unsurprising that the net promoter score is a poor loyalty metric (Keiningham et al. 2007); it refers to an outcome (WOM) of attitudinal loyalty that is limited by economic barriers that constrain purchase behavior but not communication. It does not indicate true loyalty. Second, because composite loyalty is the best predictor of objective performance, loyalty incentives (e.g., points and vouchers, currently valued at more than $48 billion in the United States; Colloquy 2011) should be used more sparingly. The effect of loyalty incentives on composite loyalty (r = .37) is significantly worse than all the other relational antecedents (commitment, r = .67; trust, r = .67) and transactional antecedents (satisfaction, r = .70; value, r = .57). In other words, for the average customer, adding another loyalty card to the nearly 20 he or she likely already owns appears significantly less effective than building relationships or improving transaction performance. Third, strategies for capitalizing on WOM should be separate from strategies aimed at increasing customer loyalty. Customers with high attitudinal loyalty likely spread WOM (r = .82) but might not contribute much to a seller's bottom line (r = .34). Therefore, managers taking a portfolio approach to marketing investments, such that they recognize customer referral value as separate from customer lifetime value (Petersen et al. 2009), should invest in attitudinal loyalty only insofar as it maximizes their overall customer portfolio lifetime value. This implication may be especially relevant for service settings and business-to-business markets, in which the effect of loyalty on WOM is much stronger.

Conclusion

Practitioners recognize the importance of repeat patronage, but "few say they have cracked the code on building long-term loyalty" (Deloitte 2013, p. 1). Despite elegant conceptualizations (Dick and Basu 1994; Oliver 1999), academics have failed to demonstrate consistently how loyalty builds and when it is most effective. It is therefore no surprise that many of the promises associated with building customer loyalty remain unrealized. We find evidence in support of the premise that this failure stems, in part, from a systematic divergence between the conceptualizations (*What is customer loyalty?*) and measurement (*How is it measured?*) of loyalty. We aggregate more than three decades of loyalty research, with two studies, to address this divergence and understand when differences between theory and practice influence the strategy → loyalty → performance process (*What actually matters?*).

The results from Study 1 offer clear evidence in support of construct divergence. Although loyalty is primarily conceptualized as the alignment of attitudes and behaviors, items used to measure loyalty often include extraneous constructs, such as commitment (16% of items), objective performance (12%), and WOM (9%). Conceptually, attitudinal and behavioral loyalty should be products of commitment (De Wulf, Odekerken-Schröder, and Iacobucci 2001) that produce objective performance and WOM (Dick and Basu 1994); in actuality, these constructs are often conflated. In addition, study design aspects (e.g., evidence- vs. prediction-based reports, targets) get incorporated into conceptualizations and/or operationalizations of loyalty, without any discussion of their potential effect on the study results. With Study 2, we assessed the moderating effect of aspects of loyalty—across 130 independent samples in 116 articles that measure loyalty as an attitude, a behavior, or both—to determine when loyalty is most effective for predicting performance outcomes.

The results have multiple implications. First, loyalty antecedents differently influence various types of loyalty. The effect of loyalty incentives on attitudinal loyalty is nearly twice as strong as that of behavioral loyalty. Although loyalty incentives are popular, they are only moderately effective. Second, building trust and commitment—that is, traditional relationship marketing strategies—provides the strongest driver of loyalty and underscores the importance of strong relationships. Third, the three forms of loyalty achieve differential effectiveness: Composite loyalty most strongly influences objective performance, but attitudinal loyalty most strongly affects WOM. Effectiveness also depends on study aspects (e.g., strong effects of

evidence-based reports) and contextual moderators (e.g., loyalty's greater effect on WOM in business and service contexts); loyalty is becoming a stronger predictor of WOM over time too.

This research contributes to the marketing discipline by augmenting understanding of what customer loyalty is, how it works, what it is influenced by, and when it best predicts performance. Because loyalty continues to be a topic of interest for scholars and practitioners alike, unpacking the construct to bring clarity to the domain is critical. We offer a "loyalty roadmap" for future assessments of this central marketing construct.

Limitations and directions for future research

Typical of meta-analyses, this research has several limitations. First, we attempted to include many loyalty constructs and samples across publication outlets, but we may have overlooked some. Second, the constructs we include and our results are limited to variables for which there exist enough data for the meta-analysis. Our framework is a summary of important loyalty-related constructs, not an exhaustive list. Third, the heterogeneity in effect sizes that was not accounted for by our moderation analysis suggests that including other, unmeasured moderating factors might influence the reported effect sizes.

Considering these findings and limitations, we also can identify several directions for research. First, we examined the differential effects of attitudinal and behavioral loyalty, but sample limitations prevented us from investigating how various moderating factors influence the effects of these forms of loyalty on performance separately. For example, the effect of attitudinal loyalty on performance in service markets might be greater than the effect of behavioral loyalty, due to the higher levels of cooperation that are necessary to succeed in service markets.

Second, research might expand the constructs included in our customer loyalty framework to examine how they differentially affect attitudinal and behavioral loyalty. Dependence, cooperation, communication, conflict, and unfairness all might differentially influence types of loyalty. Clarifying these effects would provide a richer set of options for managers to tailor their marketing actions to enhance performance or WOM, given their unique circumstances.

Third, research should examine the optimal allocation of resources across loyalty building strategies, considering the differential responses associated with attitudinal and behavioral loyalty. Managers typically have constrained marketing budgets, so academics should work to provide substantial guidance regarding ways to determine how best to allocate resources to

attitudinal and behavioral loyalty-building strategies and thereby optimize customer portfolio lifetime value.

APPENDIX

Average Reliability-Adjusted Intercorrelations Among Constructs in Causal Model[1]

Constructs	1	2	3	4	5	6	7	8	9
1. Commitment									
2. Trust	0.61*								
3. Satisfaction	0.71*	0.66*							
4. Value	-	0.56*	0.53*						
5. Loyalty incentives	0.50*	0.47*	0.45*	-					
6. Attitudinal loyalty	0.80*	0.68*	0.63*	0.05	0.62*				
7. Behavioral loyalty	0.61*	0.69*	0.44*	0.67*	0.35*	0.55*			
8. Composite loyalty	0.67*	0.67*	0.70*	0.57*	0.37*	0.61*	0.33*		
9. Objective performance	0.51*	0.26*	0.26*	0.06	0.24*	0.34*	0.41*	0.59*	
10. Word of mouth	0.62*	0.53*	0.47*	-	0.32*	0.68*	0.48*	0.66*	0.42*

[1]Correlations are provided when three or more correlation coefficients were available among that construct and all other constructs in the model.
*$p < .05$

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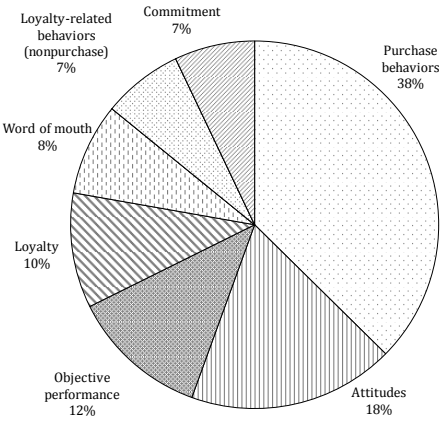
TABLE 1
Review of Construct Definitions, Aliases, and Representative Papers

Constructs	Definitions	Common Aliases	Representative Papers
Loyalty			
Attitudinal	A cognitive or emotional evaluation of a firm, its brand, its salespersons, or its offerings	Affect, preference, warmth	Chaudhuri and Ligas 2009; Yim, Tse, and Chan 2008
Behavioral	Any measured, intended, or self-reported customer activity related to purchase	Purchase, repurchase, repurchase intentions, retention, return	Brown 1952; Ehrenberg, Goodhardt, and Barwise 1990; Horsky, Misra, and Nelson 2006
Composite	Composite construct combining different loyalty attitudes and behaviors	Customer loyalty, true loyalty	Baldinger and Rubinson 1996; Dick and Basu 1994; Oliver 1997, 1999
Antecedents			
Commitment	"An enduring desire to maintain a valued relationship" (Moorman, Zaltman, and Deshpandé, 1992, p. 316)	Affective, behavioral, obligation, and normative commitment	Anderson and Weitz 1992; Jap and Ganesan 2000; Moorman, Zaltman, and Deshpandé 1992; Morgan and Hunt 1994
Trust	"Confidence in an exchange partner's reliability and integrity" (Morgan and Hunt 1994, p. 23)	Trustworthiness, credibility, benevolence, and honesty	Doney and Cannon 1997; Hibbard, Kumar, and Stern 2001; Sirdeshmukh, Singh, and Sabol 2002
Loyalty incentives	A seller's time, effort, and resources focused on building stronger customer loyalty	Rewards, gifts, perks, benefits, resources, investments, and loyalty programs	De Wulf, Odekerken-Schröder, and Iacobucci 2001; Ganesan 1994
Satisfaction	"Evaluation of the perceived discrepancy between prior expectations and actual performance" (Tse and Wilton 1988, p. 204)	Overall satisfaction or satisfaction with relationship, product or service	Geyskens and Steenkamp 2000; Oliver 1980, 1997; Tse and Wilton 1988
Value	Benefits minus the costs of the firm offering	Relative worth, functional value	Johnson, Herrmann, and Huber 2006; Zeithaml 1988
Outcomes			
Objective performance	Actual seller performance enhancements including sales, share of wallet, profit performance, and other measurable changes to the seller's business	Sales, share, sales effectiveness, profit, revenue, Tobin's Q, and sales performance	Kumar et al. 2011; Morgan and Repo 2009; Siguaw, Simpson, and Baker 1998
Word of mouth	A customer's positive referral or endorsement of the seller to others	Referrals and customer referrals	Bowman and Narayandas 2001; Godes and Mayzlin 2004; Hennig-Thurau, Gwinner, and Gremler 2002

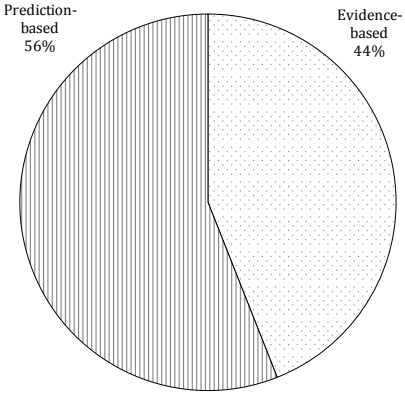
TABLE 2
Study 1 Results: Item-Level Content Analysis

Loyalty Content (%)



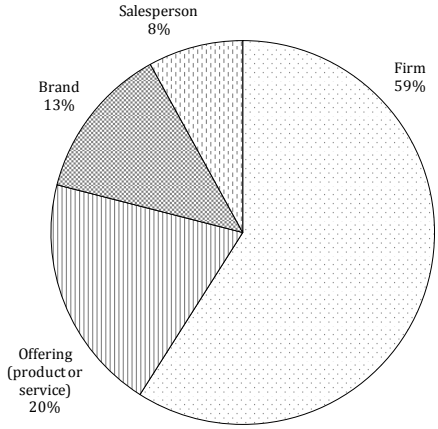
Loyalty Content	Example items
Purchase behaviors	I would *purchase* this (product).
Attitudes	I *like* using this supplier.
Objective performance	Customer reported category *share of wallet*.
Loyalty	I consider myself *loyal* to this company.
Word of mouth	How likely are you to *recommend* this (product/service) to friends and relatives?
Loyalty-related behaviors (non-purchase)	My company usually *contacts* this supplier first.
Commitment	I am very *commited* to (company name).

Temporal Perspective (%)



Temporal Perspective	Example items
Prediction-based report	I plan to buy from this rep firm *in the future*.
Evidence-based report	How often did you buy products of this brand *within the last 10 weeks*.

Target of Loyalty (%)



Target of Loyalty	Example items
Firm	I am a loyal customer of this *company*.
Offering (product or service)	I consider this (*product*) my first choice.
Brand	I prefer this *brand* over others.
Salesperson	I am very loyal to my *salesperson*.

Note: The underlined terms highlight the coding criteria.

TABLE 3
Study 2 Results: Effects of Antecedents on Customer Loyalty

Proposed Relationships	Number of Raw Effects	Total N	Simple Average r	Average r Adjusted for Reliability	Sample Weighted Reliability Adjusted Average r	95% Confidence Interval		File Drawer N (using two-tailed test)	Q-Statistic for Non-Homogeneity Test (d.f.)	
						Lower Bound	Upper Bound			
Commitment → Attitudinal loyalty	10	6,201	.58	.69	.80 **	.79	.81	12,701	611.08	(9) **
Commitment → Behavioral loyalty	26	13,190	.49	.58	.61 **	.60	.62	42,801	4,029.27	(25) **
Commitment → Composite loyalty	10	3,519	.57	.66	.67 **	.65	.69	5,623	142.26	(9) **
Commitment → All mediators	**46**	**22,910**	**.53**	**.63**	**.70** **	**.69**	**.71**	**155,720**	**5,275.73**	**(45)** **
Trust → Attitudinal loyalty	13	4,387	.54	.63	.68 **	.67	.70	8,962	263.12	(12) **
Trust → Behavioral loyalty	24	5,857	.46	.54	.69 **	.68	.71	18,051	2,480.57	(23) **
Trust → Composite loyalty	18	6,478	.55	.64	.67 **	.66	.69	19,562	717.270	(18) **
Trust → All mediators	**55**	**16,722**	**.51**	**.59**	**.68** **	**.68**	**.69**	**136,109**	**3,464.75**	**(54)** **
Loyalty incentives → Attitudinal loyalty	3	787	.47	.59	.62 **	.57	.66	271	4.01	(2)
Loyalty incentives → Behavioral loyalty	19	8,446	.29	.32	.35 **	.33	.37	4,778	184.33	(18) **
Loyalty incentives → Composite loyalty	3	681	.27	.35	.37 **	.30	.43	70	16.59	(2) **
Loyalty incentives → All mediators	**25**	**9,914**	**.31**	**.36**	**.38** **	**.36**	**.39**	**8,895**	**295.03**	**(25)** **
Satisfaction → Attitudinal loyalty	11	3,056	0.5	.57	.63 **	.61	.65	4,424	353.05	(10) **
Satisfaction → Behavioral loyalty	44	19,232	0.4	.45	.44 **	.43	.46	50,375	2,238.16	(43) **
Satisfaction → Composite loyalty	36	13,882	.55	.62	.70 **	.69	.71	83,092	2,175.38	(35) **
Satisfaction → All mediators	**91**	**36,170**	**.47**	**.53**	**.57** **	**.57**	**.58**	**335,539**	**6,035.57**	**(90)** **
Value → Attitudinal loyalty	3	683	.16	.19	.05	-.03	.12	4	84.34	(2) **
Value → Behavioral loyalty	9	2,436	.54	.63	.67 **	.65	.69	3,719	376.92	(8) **
Value → Composite loyalty	10	4,429	.53	.60	.57 **	.55	.59	4,639	337.02	(10) **
Value → All mediators	**22**	**7,548**	**.48**	**.56**	**.57** **	**.53**	**.58**	**17,400**	**1,110.35**	**(21)** **

* $p < .05$.
** $p < .01$.

TABLE 4
Study 2 Results: Effects of Customer Loyalty on Outcomes

Proposed Relationships	Number of Raw Effects	Total N	Simple Average r	Average r Adjusted for Reliability	Sample Weighted Reliability Adjusted Average r	95% Confidence Interval		File Drawer N (using two-tailed test)	Q-Statistic for Non-Homogeneity Test (d.f.)	
						Lower Bound	Upper Bound			
Attitudinal loyalty → Objective performance	5	1,519	.33	.37	.34 **	.30	.39	238	5.96	(4)
Behavioral loyalty → Objective performance	13	8,541	.34	.35	.41 **	.39	.43	4,530	954.18	(12) **
Composite loyalty → Objective performance	6	1,838	.38	.45	.59 **	.56	.62	923	116.02	(5) **
All mediators → Objective performance	**24**	**11,898**	**.35**	**.38**	**.43** **	**.42**	**.45**	**12,841**	**1,178.18**	**(23)** **
Attitudinal loyalty → Word of mouth	6	2,290	.58	.68	.82 **	.81	.84	3,758	472.68	(6) **
Behavioral loyalty → Word of mouth	21	9,575	.43	.48	.47 **	.46	.49	14,600	1,068.25	(21) **
Composite loyalty → Word of mouth	7	3,137	.59	.66	.69 **	.67	.71	3,702	140.702	(7) **
All mediators → Word of mouth	**34**	**15,002**	**.49**	**.55**	**.59** **	**.58**	**.60**	**59,099**	**2,580.49**	**(34)** **

* $p < .05$.
** $p < .01$.

TABLE 5

Study 2 Results: Effects of Moderators on Customer Loyalty-Outcomes Relationships[1]

Moderated Relationships	Total Number of Raw Effects	Temporal Perspective		Target of Loyalty		Service vs. Product Markets		Business vs. Consumer Markets		Publication Year	
		Evidence-based	Prediction-based	Individual	Firm	Service	Product	Business	Consumer	Beta	p value
Attitudinal loyalty → Objective performance	5	— (1)	.33 (4)	— (1)	.37 (3)	— (0)	.34 (5)	.33 (4)	— (1)	.25	.69
Behavioral loyalty → Objective performance	13	.50 (5)	.33 (8) **	.45 (5)	.46 (6)	.40 (6)	.43 (5)	.31 (5)	.45 (8) **	.18	.55
Composite loyalty → Objective performance	6	.59 (6)	— (0)	— (1)	.62 (5)	— (0)	.60 (3)	.62 (5)	— (1)	-.37	.47
All mediators → Objective performance	**24**	**.52 (12)**	**.33 (12) ** **	**.44 (7)**	**.50 (13) ** **	**.40 (6)**	**.44 (13)**	**.42 (14)**	**.44 (10)**	**-.06**	.77
Attitudinal loyalty → Word of mouth	6	.75 (5)	— (1)	.85 (3)	.80 (3) **	.83 (5)	— (1)	— (2)	.76 (4)	.05	.93
Behavioral loyalty → Word of mouth	21	— (2)	.49 (19)	.50 (9)	.43 (12) **	.46 (13)	.49 (8)	.54 (3)	.46 (18) **	.41	.07
Composite loyalty → Word of mouth	7	.71 (6)	— (1)	— (1)	.60 (5)	.73 (4)	— (2)	— (1)	.63 (6)	.53	.00 **
All mediators → Word of mouth	**34**	**.66 (13)**	**.54 (21) ** **	**.60 (13)**	**.55 (20) ** **	**.61 (22)**	**.54 (12) ** **	**.74 (6)**	**.55 (28) ** **	**.45**	.01 **

[1] Cell entries present the average effects for each moderator level, with the total number of effects in parenthesis, subjected to t-test comparisons (cf. Brown 1996). We only execute d moderation comparisons when the total number of raw effects was three or more; otherwise, we used a dash (—) to indicate that we did not perform the moderator analysis.

* $p < .05$.
** $p < .01$.

TABLE 6
Summary Guidelines for Researchers and Practitioners

Defining Loyalty

Conceptual Definition

Customer loyalty is a collection of attitudes aligned with a series of purchase behaviors that systematically favor one entity over competing entities.

Example Empirical Definition (accounting for temporal perspective and target of loyalty)

Customer loyalty is a collection of [past and current] attitudes aligned with a series of purchase behaviors that systematically favor one [selling firm] over competing [selling firms].

Measuring Loyalty

Exemplar Evidence- Based Attitudinal Loyalty Measures	*Representative Articles*
1. I prefer [target] over competitors. 2. I enjoy doing business with [target]. 3. I consider [target] my first preference. 4. I have a positive attitude toward [target]. 5. I really like [target].	Brady, Voorhees, and Brusco (2012); Homburg, Muller, and Klarmann (2009); Yim, Tse and Chan (2008)
Exemplar Evidence- Based Behavioral Loyalty Measures	***Representative Articles***
1. I often buy products/services from [target]. 2. I only buy products/services from [target]. 3. The last time I purchased a product/service, I bought from [target]. 4. I frequently buy from [target]. 5. I buy most from [target].	Algesheimer, Dholakia, and Herrmann (2005); Doney and Cannon (1997); Evanschitzky et al. (2006)

FIGURE 1
Customer Loyalty Conceptual Framework