

A Customer Loyalty Conceptual Framework: A Grounded Theory Review Approach

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Abstract

This article fits into an approach of knowledge building for a topic that has been studied extensively, but where a clear state of play is missing. A literature review was conducted based on the Grounded Theory Method Review to propose a new reading grid of the last researches studying the antecedents of customer brand loyalty. A global framework of brand loyalty formation is then proposed, composed by 6 main antecedents: satisfaction, delight, brand identification, self-congruence, trust and brand attachment, classified in 3 main broad categories: the brand experience, brand equity, and brand relationship. Different concepts coming from different theoretical backgrounds are gathered thanks to this comprehensive and explanatory framework. Through these 3 main levers of actions, companies can build strategies that will improve the loyalty of their customers base.

Keywords: *Grounded Theory Method Review, Customer Brand Loyalty, Conceptual Framework*

Track: *Relationship Marketing*

1. Introduction

Customer loyalty is one of the oldest and most studied issues in marketing (Chaudhuri & Holbrook, 2001). This is mainly because it's a crucial matter for companies' profitability. It is proved that loyalty leads to favorable events for the brand: sales growth, positive word-of-mouth, risk reduction for the brands (Kumar & Shah, 2004)... This is a precious asset, especially in the hypercompetitive context, so it is crucial to understand the mechanisms behind loyalty formation to implement the most effective loyalty strategies as possible. Several researchers suggested conceptual frameworks with key antecedents and explicative variables, but these models are often reduced with too many different variables from a study to another and applied in specific sectors. It is then difficult to have a clear overview of the most efficient action levers to make customers loyal. The aim of this article is then to adopt an analytical approach of loyalty determinants to propose an original and exhaustive conceptual model. Relying on the Grounded Theory Review Method, we will synthesize the different studies by suggesting a new framework of understanding of brand loyalty formation.

2. A five steps review approach

For this review, we follow the Grounded Theory Literature Review Method proposed by Wolfswinkel, *et al.* (2011), composed of 5 steps: defining, searching, selecting, analyzing, and presenting. This method is based on the Grounded Theory, which is an approach enabling to produce new theories based on analyzed data and to bring out new categories of concepts improving the understanding of a phenomenon (Glaser & Strauss, 1967)

2.1. Defining. In this first step, we should define the scope of the literature review, develop our knowledge about the subject by defining the main concept (Glaser & Strauss, 1967), and formulate a precise research question (Wolfswinkel *et al.*, 2011).

2.1.1. Loyalty definition. Traditionally, loyalty is defined as “the degree to which a consumer consistently purchases the same brand within a product class” (American Marketing Association¹). Authors first adopted a *stochastic approach*, merely behavioral in which they don't try to explain reasons underlying behaviors. “No consideration should be given to what the subject thinks or what goes on in his central nervous system; his behavior is the full statement of what brand loyalty is” said Tucker in 1964. Several authors have criticized these

¹ <https://www.ama.org/resources/Pages/Dictionary.aspx?dLetter=B#brand+loyalty>

definitions like Day (1969), suggesting the existence of a real difference between True Loyalty and Spurious Loyalty. In the first one, a real intention to purchase and consume the brand is observed, and the consumer really believes that the brand can meet its specific needs better than the competition. In the second one, we do not observe brand attachment and the customer can be attracted by another brand that would offer a discount for instance. Then, searchers started to adopt a more *determinist approach* by considering that it exists several explanatory factors for loyalty that must be identified by observing psychologic commitment and by studying beliefs, attitudes, and intentions of the customers. It is then necessary to adopt a *multidimensional approach* to better reflect the loyalty concept. Thus, loyalty is a multidimensional and dynamic construct, that can be defined this way: *Customer brand loyalty is defined as an actual buying behavior repeated over time and which is a function of customer psychologic process.*

2.1.2. Research question. The aim of this article is to synthesize the main loyalty frameworks suggested in the literature to increase our understanding of the impacts and relevance of the different explicative variables proposed in the studies. The goal is to identify the main action levers that brands can use to increase customer loyalty, so the concepts selected will tie with tangible elements of the brand, on which marketing teams can have a direct impact. Then, our research question is: ***What marketing levers are the most efficient to make customers loyal to a brand, in terms of attitude and behavior?***

2.2. Searching. In this second step, a sample of articles is collected to produce the theory (Glaser & Strauss, 1967). Articles with conceptual frameworks are searched, to identify the most recurring and relevant concepts, and to suggest a new framework of understanding, aggregating these diverse models. Keywords searching has been conducted on two main search engines (EBSCO & Google Scholar), with 11 keywords in French and English.

2.3. Selecting. We selected articles of quality, related to our subject, suggesting different frameworks with « customer loyalty » as a dependent variable, in a B2C context. A total of **40 explanatory frameworks** were selected.

2.4. Analyzing. The principles of Grounded Theory are more specifically applied in this phase of analysis (Wolfswinkel *et al.*, 2011), by using the 3 recommended types of coding (Corbin & Strauss, 1990): open coding, axial coding, and selective coding.

2.4.1. Open coding. First, relevant concepts for the research question are identified (Wolfswinkel *et al.*, 2011). A total of 57 antecedents are reported.

2.4.2. *Axial coding*. Then, identified concepts are gathered into more abstract categories (Corbin & Strauss, 1990), enabling us to give an explanatory power and forming a general theory aggregating these categories. 6 main categories can be used to classify the 57 variables:

- **Variables related to the product** (number of recurrences in brackets): Perceived value (10), Perceived product quality (5), Service quality (4), Price perception (5)
- **Variables related to the environment:** Changing costs (4), Perceived risk (1), Exit barrier (1)
- **Variables related to individual characteristics:** Customer expectations (2), Attitude (1), Motivation (1), Innovativeness (1), Aggressiveness (1), Inertia (1), Culture (1), Brand knowledge (1), Personal values (1), Self-concept (1)
- **Variables related to the « Brand Equity » :** Brand identification (7), Self-congruence (6), Self-expressive brand (4), Brand image (3), Brand identity (3), Brand reputation (3), Brand love (3), Brand personality (1), Brand credibility (1), Brand attractiveness (1), Brand equity (1), Perceived brand quality (1), Brand personality distinctiveness (1), Brand personality attractiveness (1), Brand similarity (1), Brand distinctiveness (1), Brand prestige (1), Brand warmth (1), Brand social benefits (1) and Brand skills (1).
- **Variables related to the « Brand Experience »:** Satisfaction (19), Customer experience (3), Delight (3), Emotions (1), Positive word-of-mouth (1), Surprising consumption (1), Positive disconfirmation (1) and Excitement (1)
- **Variables related to the « Brand Relationship »:** Trust (15), Brand relationship quality (5), Attachment (4) and Brand affection (1).

2. 4.3. *Selective coding*. The aim of this last part of coding is to select and redefine the relevant categories, and they should all represent the central phenomenon of the study (Corbin & Strauss, 1990). Since the objective of this article is to identify tangible elements on which the brand can have a significant impact, the variables related to the environment and the individual characteristics, are obviously not relevant to study here. Plus, it is assumed here that consumers are consuming products there are interested in (the expected price, quality...etc.) and the goal is to understand what elements will make them loyal or not to a consumed brand. Then, the variables related to the product won't be included in our framework. However, the categories « Brand Equity », « Brand Experience » and « Brand Relationship », fall within the scope of our study, and will be kept in our model. For each category, the most common and relevant concepts will be selected and clearly defined (Corbin & Strauss, 1990).

“Brand Equity” category: This category gathers the antecedents related to the customer brand perception. “Brand identification” & “Self-congruence” are the 2 main frequently used variables. The other variables are either too general (“Brand image”, “Brand reputation”) or repetitive with previous concepts (“Brand love”, “Self-expressive brand”, “Brand identity”).

Brand identification: This concept of identification applied to the brand context is derived from the *Social Identity Theory*, which posits that, by remaining consistent with themselves, individuals seek to develop a social identity (Bhattacharya & Sen, 2003). Consumers will then use products or brands as social symbols to confirm their identity, to themselves and to the others (Grubb & Grathwohl, 1967), causing a strong emotional experience and an affection for the object of identification and creating a strong commitment for the brand. For our model, the following definition will be used: ***Consumer brand identification refers to a feeling of affiliation to a social entity, based on the perception, sensation, and evaluation of his or her membership to a given brand.*** Several authors have thus shown the positive impact of identification on loyalty (Bhattacharya & Sen, 2003; Kressmann *et al.*, 2006 ...). The following relationship will then be included in our framework: ***P1a- Customer identification has a positive impact on brand loyalty.***

Self-congruence : Self-congruence is a concept increasingly used in marketing literature, easy to confuse with identification, but they are indeed different concepts (Bhattacharya & Sen, 2003), since self-congruence is a purely cognitive concept about having a personality which coincides with the brand's one (Sirgy, 1982), whereas identification is about the affective and evaluative psychological membership to the brand. In this article, the following definition will be used: ***Brand self-congruence is a concordance between the consumers' self-concept (real or ideal) and the brand personality.*** Belk (1988), suggests that objects and products can be seen as a part of ourselves, or as a "Self-extension", and that will impact our will to buy and our attitude toward a product/brand. Consumers will prefer to buy brands that will reinforce their self-concept (***Cognitive-consistency Theory***), or brands with an attractive personality to enhance their self-concept (***Self-expansion Theory***). Self-congruence has then a positive effect of loyalty (Kressmann *et al.*, 2006; Lee & Workman, 2015...), so this relationship will be included in our model: ***P2a- Consumer self-congruence has a positive impact of brand loyalty.***

"Brand Experience" category: We find here all the variables describing the experience the customer has with the brand. "Satisfaction" and "Delight" are the most frequently used antecedents. The other ones are either too general ("Customer experience") or too redundant ("emotions", "positive word-of-mouth", "surprising consumption", "excitement").

Satisfaction: According to the ***Comparison Standards Paradigm***, customers have standards about a product before purchase, they observe the product performance and compare this performance to their standards, which leads to a state of satisfaction or dissatisfaction (Fournier & Mick, 1999). Several standards can be used: customer

expectancies according to the *expectation-Disconfirmation Model*, but also the desires or past experiences (Fournier & Mick, 1999). Moreover, different objects can be compared to these standards: the product performance, quality of the vendor...etc. Based on these distinctions and on the definition framework proposed by Giese & Cote (2000), the following definition will be used : *Satisfaction is an evaluative judgment, measured at time t, resulting from a comparison of the performance of a particular object (product, vendor, experience...) with a predefined standard (expectations, desires, experiences...) and influenced by cognitive and affective dimensions.* This satisfaction is in the literature, an essential antecedent and its impact on loyalty has been largely demonstrated by several authors (Oliver *et al.*, 1997; Gustafsson *et al.*, 2005; ...). We will then include this relationship in our model: ***P3a- Customer satisfaction has a positive impact on brand loyalty***

Delight: Several studies suggest that simply satisfying is not enough such that the concept of customer delight was increasingly mobilized. Here, the brands are not only meeting the expectations of the customers but are going beyond, by providing deep emotions. To define delight, the definition of Rust & Oliver (2000) is used: *customer delight refers to a positive emotional state of joy, caused by exceeding expectations with surprise.* This definition is based on the emotions' typology of Plutchik (1980), composed by 8 main emotions, at the root of all the emotions by combinational logics, where delight is a mix of joy and surprise. The positive impact of this concept on loyalty was studied by several authors (Oliver *et al.*, 1997; Rust & Oliver, 2000...). We will then include this relationship in our model: ***P4a- Customer delight has a positive impact on brand loyalty.***

“Brand relationship” category: Among the relational antecedents, “trust” and “brand attachment” are the most frequently used antecedents. “Relationship quality” and “brand affection” are not retained because they are redundant with the two previous concepts.

Trust: Morgan & Hunt (1994) present trust as crucial to develop a relationship between a brand and the consumer over the long run (concept of « *Commitment-Trust Theory* »). Consumer trust can be defined as a belief in the reliability and honesty of the brand, and also as a desire to rely on the brand (Chaudhuri & Holbrook, 2001). We will then use the following definition: *Customer trust is at once a belief in the reliability and honesty of a brand, and a will to rely on the brand over the long run.* The positive impact of this trust on loyalty has been proved by several authors (Chaudhuri & Holbrook, 2001; Aydin & Ozer, 2005...). If a counterpart trusts another one, positive behavioral intentions and favorable attitudes are more likely to appear (Aydin & Ozer, 2005). We will then include this relationship in our model: ***P5a- Customer trust has a positive impact on brand loyalty.***

Attachment: Brand attachment is based on the attachment theory, that studies “ the propensity of human beings to make strong bonds of affection to particular others” (p.1479, Vlachos, *et al.*, 2010). According to this theory, individuals are developing affection ties with people adapted to their functional, experiential and emotional needs. Nevertheless, it has been proved that individuals can be emotionally attached to all kinds of objects (Belk, 1988) like products or even brands (Thomson, *et al.* 2005). The concept of brand attachment has been then conceptualized by Thomson *et al.* (2005) with 3 main dimensions: connection, affection, and passion for the brand. Thus, we will use the following definition: ***brand attachment is an emotional bond between a customer and a brand, based on connection, affection, and passion for the brand.*** A consumer can effectively experience an attachment for a brand, by developing a set of perceptions and affective associations, which will naturally lead to a real psychologic proximity and a sense of belonging, that will have a huge impact on loyalty (Lacoeuilhe, 1997). This impact has been studied by several authors (Vlachos *et al.*, 2010; Lee & Workman, 2014 ...), so the following relationship will be included in our framework: ***P6a- Customer attachment has a positive impact on brand loyalty.***

Theory and framework consolidation: The Grounded Theory Method is more efficient and powerful when the searcher is adopting an iterative approach (Wolfswinkel *et al.*, 2011). Since our framework is based on 40 articles, an additional research was conducted to identify new models studying our 6 antecedents in loyalty formation. For each of the 6 propositions, a keywords research was conducted, with 29 keywords in the bases EBSCO, Web of Science and Google Scholar. For this review, a total of 103 loyalty models were analyzed. In these new frameworks, new variables were identified but not selected because they are mostly related to the product (“physical quality”, “functional value”, “convenience” ...) to the environment (“environment quality”, “social norms”) or to individual characteristics (“product expertise”, “familiarity”, “perceived control”, “variety seeking” ...). Then, no other variable was added to our model, but we obtain a higher number of articles studying the impact of our 6 antecedents on loyalty (17 for the identification, 16 for the self-congruence, 55 for the satisfaction, 7 for the delight, 45 for the trust, and 7 for the attachment).

2.5. Presenting. Our global framework is then composed of 6 main variables, based on different theoretical fields. 3 main dimensions are proposed to explain how these different antecedents are linked, and what are the main mechanisms behind loyalty: The perceived brand equity, brand experience, and brand relationship. The 103 reviewed models in this analysis also suggest some relationships between the main antecedents. These relationships

are included in our framework, to have a better overview of the process behind brand loyalty formation. Here is our suggested global loyalty model, based on a Grounded Theory Review:

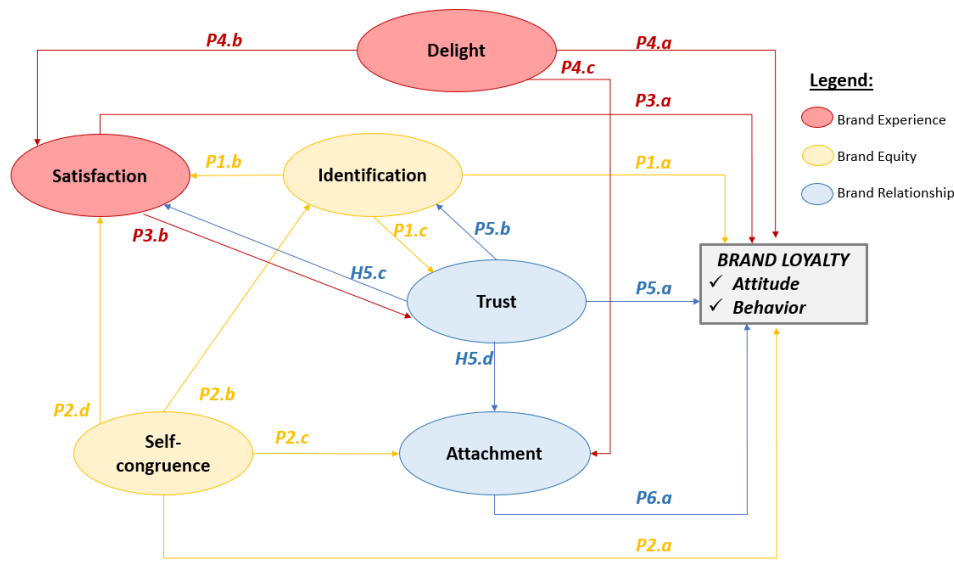


Figure 1 – Proposed conceptual framework of customer brand loyalty formation

3. Conclusion, limitations and further researches

This article provides a new explicative theory of loyalty formation based on 3 main dimensions: brand equity, experiential and relational elements. 6 main antecedents selected from 103 studies from different theoretical fields have been gathered in this brand loyalty formation framework. The aim of this model is then to propose a framework gathering several theories and enabling to better understand the dynamics coming into play to make a customer developing loyal attitudes and behaviors. This will give to researchers a synthesis of the main antecedents used in the literature and to the marketers a clearer overview of the mechanisms behind the loyalty formation, and some relevant action levers to foster loyalty. Nevertheless, this article is a theoretical review, that can be developed. It could be appropriate to go further by evaluating the real impact of each antecedent on brand loyalty with a meta-analysis. Thanks to the Meta-Analytic Structural Equation Modeling Methods developed by Cheung (2015), researchers could propose a loyalty framework with effect sizes for each relationship, highlighting the most impactful variables, and the most significant relationships. Moreover, a meta-analysis enables to identify potential moderators like the industry or the country for example. Depending on these moderators, the relationships could have different effect sizes, and it could be interesting to identify the most efficient variables for the different moderators. It will be a way to suggest good practices to foster loyalty to the companies, depending on their country, industry, type of customers... etc.

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