ABSTRACT

The brand loyalty construct has been through a 70-year period of development since it was first introduced into marketing literature by Copeland in a 1923 edition of the Harvard Business Review. Copeland's definition of brand loyalty was perhaps one of most cogent descriptions ever proposed, namely "an extreme attitude towards a product [which] might have a special effect on buyer behavior". The concept did not immediately or subsequently attract much intellectual respectability among marketing scholars, although it has always enjoyed wide acceptance and use among marketing practitioners. For example, Jacoby and Chestnut (1978) wrote of "chaos in research land: the sorry state of loyalty measurement", after reviewing several hundred published brand loyalty studies and concluded that the only common finding was no two researchers seemed to agree on what brand loyalty actually was. Indeed even as late 1999, Oliver asked in his Journal of Marketing article "Whence Consumer Loyalty" of brand loyalty had become an "irrational subject" and furthermore if it was an "anachronism of the 1990s?". However in 1994 Dick and Basu helped restore considerable academic standing to the concept with their elegant, large and multi-faceted "Customer Loyalty Framework' which was entirely theoretical but quite plausible because it drew from more than 100 empirical and related papers.

Methodologically, the study of brand loyalty has relied heavily on scanner data used to measure the level of behavioral loyalty. However, while scanner data allows for consumer behavior to be tracked over extended periods of time it does not permit the study of the underlying motivations influencing consumer purchases. If understanding of consumer attitudes and perception, and how these impact on behavior, is sought then cross-sectional research involving surveys is necessary. Many loyalty studies include other psychological constructs such as satisfaction, trust, commitment or involvement in conceptual models, and use these variables as antecedents of loyalty. Measuring loyalty from an attitudinal perspective is a well-established protocol used in both service and brand loyalty research. Indeed, both the study of loyal purchase behavior and its underlying attitudinal motivations are well-grounded in the literature. However, they are perhaps not the only options available to explain consumer loyalty. A combinational approach, focusing on both attitudinal and behavioral aspects was first proposed in Day's classic (1969) study. Such a combinational approach was further developed in Dick and Basu's (1994) seminal theoretical paper and has provided the cornerstone for the author's mainly empirically dissertation.

This dissertation, which has as its principal goal the empirical operationalisation of Dick and Basu's (1994) Customer Loyalty Framework, expands and develops the understanding of a combinational approach to customer loyalty (i.e. utilizing both attitudinal and behavioral data) while also extending appreciation of the consumer-based consequences of consumer loyalty. Moreover, the operationalisation was performed in a competitive setting employing two brands rather than simply one. The main brand and

which occupies the leading position is designated the Market Leader. The second brand is termed the Challenger (Kotler 2000). The empirical analysis for this study was performed simultaneously on these two competitive brands. This is an extension of Dick and Basu's (1994) original approach which considered only one brand.

Dick and Basu (1994) also review several measures of behavioral loyalty and selected high repeat purchase as the measure for their theoretical framework. The behavioral dimension of consumer loyalty, or repeat patronage in this dissertation, is measured by actual self-report consumption frequency for a consumer's regular brand. The author was fortunate to be given access to the raw data of an AC Nielsen survey called the Whisky Tracking Study (1997) and responses from some 274 regular consumers of the Market Leader and 175 regular consumers of the Challenger brand. The respondents were drawn from the master sample for detailed analysis by the author.

Dick and Basu (1994) suggest that relative attitude consists of three dimensions: cognitive, affective and conative factors, and each may have a different impact on repeat patronage behavior. The author applies qualitative methods i.e. a critical incident and expert rating techniques to construct the measurement of consumers' attitude toward the brands in relation to competitors. Several statistical approaches were used to examine the data in a manner which would achieve the study's different research objectives. The association between relative attitude and repeat patronage was established using hierarchical regression estimation. The analysis showed that the three dimensions of relative attitude were significantly and positively related to consumption frequency. The variance explained for the Market Leader was 43 per cent and for the Challenger, it was 29 per cent. Thus, Dick and Basu (1994) were supported in respect of the explanatory power of repeat patronage by these three attitudinal dimensions.

Two dummy variables (situational influence and social norms) were suggested by Dick and Basu (1994) in their theoretical model as moderating the relationship between relative attitude and repeat patronage. The author operationalised the situational factor as either an informal drinking setting with friends or work colleagues or a more formal drinking situation with a respondent's boss or superior. Drinking quantity represented the social norm and specifically referred to currently drinking the same or a greater quantity of Scotch whisky compared to drinking than in the past. The analysis found that drinkers who consumed the same or more compared with the past evinced a strengthened attitude-behavior relationship, while the situational influence weakened the attitudinal association with behavior. The angle of the regression slope was common to both the Market Leader and the Challenger for both moderators. Thus Dick and Basu (1994) was only partially accepted.

A new measurement of brand loyalty, which integrates both the attitudinal and behavioral dimensions of loyalty, was created through an additive and multiplicative method. To achieve this, the scores of each individual respondent for the three components of relative attitude were summated and then multiplied with their frequency

of consumption. Dick and Basu originally postulated three consumer-based consequences of loyalty, however, it was possible to test only two of these; search motivation and resistance to counter persuasion. Empirical analysis using seemingly unrelated regression estimation (SUR) supported Dick and Basu 's Customer Loyalty Framework in the sense that a brand- loyal consumer should manifest decreased search motivation, and engender greater resistance to competitors' mass communications. The relationship between an additional six consumer-based consequences (developed by the author from a divers literature), and loyalty differ significantly between the Market Leader and the Challenger. Five psychological consequences, i.e. perceived brand image, advertising recall, unaided brand awareness, brand sensory and resistance to counter persuasion and one behavioral consequence, i.e. 'conspicuous consumption', were significantly associated with greater loyalty for the Market Leader. Only two psychological consequences, unaided brand awareness and resistance to counter persuasion, had a strong and positive relationship with loyalty behavior for regular drinkers of the Challenger.

Dick and Basu (1994) further described the relationship of relative attitude and patronage behavior in terms of a loyalty classification typology. This loyalty typology proposes that consumers can be segmented into four groups: (true) loyalty, latent loyalty, spurious and no loyalty on the basis of an individual's attitude and repeat patronage scores of high and low. The loyalty typology is of value as it has been extensively cited in both consumer behavior and practitioner literature. An empirical examination of this loyalty classification supported Dick and Basu (1994). Furthermore, an additional, more complex analysis of the differences in mean scores of consumer-based consequences between (true) loyal consumers, as one group, and latent, spurious and no loyalty combined, as another group, was performed by the author using multivariate analysis of variance (MANOVA). Again, the market position of a brand resulted in significantly different mean scores for the Market Leader and the Challenger.

The 13 speculative propositions presented by Dick and Basu (1994) were grouped under three headings: product class effects, brand-specific effects and transaction-related effects. The author tested these propositions and found that nine were fully supported and two others were partially supported. Two other propositions were unable to be tested due to the limitations of the database.

The findings of this operationalisation support Dick and Basu (1994) to a remarkably large extent. More importantly perhaps, the dissertation introduces the important element of competition into their Customer Loyalty Framework, as well as extending substantially its consumer-based brand loyalty consequences. The author concludes by providing suggestions to brand managers and other marketing practitioners with respect to protecting dominant market share brands and also building larger loyal customer bases for not-so-dominant brands. Many other implications for practitioners are also discussed as are the limitations of the study.