

ABSTRACT

For decades, loyalty has been seen as being a major means by which firms can achieve profitability and sustain a competitive advantage. It has been noted that the acknowledgement of customer loyalty as a milestone is apparent not only among practitioners but also among academic scholars. Building and maintaining customer loyalty lies at the heart of the marketing concept and marketing activities (i.e., customer retention).

As Reichheld is fond of pointing out, some customer segments have an aversion to remaining loyal, irrespective of the service value they receive. It is as if there is something intrinsic in their character that predisposes them to switch between suppliers no matter what. "The challenge is to avoid as many of these people as possible in favor of customers whose loyalty can be developed" (Reichheld, 1996). This phenomenon challenges scholars and practitioners to acknowledge and better understand customers with high loyalty proneness in terms of their intrinsic characteristics. Thus, this dissertation aims to extend knowledge of customers' intrinsic dispositions and the influence of these dispositions on customers' attitudes and behavior. In particular, the influence of customers' personality traits (extraversion, agreeableness, and optimum stimulation level) and customer-service provider similarities (status, personality and appearance similarity) was empirically examined to investigate the trait-similarity-loyalty relationship in the service context of Thailand, a Southeast Asian country. Moreover, the moderating effect of collectivism was also examined in this dissertation.

The study was conducted in both medium- and high-contact services in Thailand. The findings extend knowledge of the association between customers' personality traits, and customer-service provider similarity and service loyalty. The empirical findings suggest that extraversion and agreeableness have a significant, positive impact on both satisfaction and trusting behavior as expected. The predicted negative association between optimum stimulation level and trust, attitudinal loyalty, and behavioral intentions is also supported. This means that individuals with high extraversion and agreeableness are intrinsically predisposed to demonstrate high satisfaction and trust towards a focal service provider, and thus continued loyalty. In contrast, those who possess high optimum stimulation level or high propensity to seek new experiences and stimuli via frequent brand switching (i.e., service suppliers) are more likely to exhibit lower attitudinal loyalty and behavioral intentions towards a focal service supplier. Moreover, the findings support the positive relationship between status similarity and attitudinal loyalty and behavioral intentions, and between personality similarity and satisfaction. Surprisingly, appearance similarity was not statistically significantly associated with any construct. The positive and statistically significant association between status similarity and loyalty (behavioral and repurchase intentions) is consistent with the notion that social status plays a powerful role in regulating interpersonal relations in Thailand, a collectivist and hierarchical structured country (Steenkamp 2001). The effect of collectivism was also found to moderate the

relationship between satisfaction, trust, and status similarity and the loyalty constructs of attitudinal loyalty and behavioral intentions.

Understanding the impact of the personality dimensions and perceived similarity can aid the understanding of the antecedents of loyalty at least in a services context. Furthermore, it provides some way to perhaps identifying those customers who are more amenable to developing relationships (and thus should be nurtured and encouraged to do so), and those who are primarily interested in a transaction, rather than any longer term relationship. Understanding the characteristics of both groups can aid any service firm to better segment their customer (and potential) base.