LOYALTY – ATTITUDE, BEHAVIOR, AND GOOD SCIENCE: A THIRD TAKE ON THE NEAL-BRANDT DEBATE

Doug Grisaffe, Walker Information

DEBATING LOYALTY AND LOYALTY MEASUREMENT

In the June 5, 2000 issue of *Marketing News*, William Neal, respected authority on marketing research says categorically, "Loyalty is a behavior." He says, "If I purchase in a product category 10 times in one year, and I purchase the same brand all 10 times, I am 100% loyal. If I purchase the brand only five out of 10 times, I am 50% loyal." Neal also says it is "ridiculous" to attempt to measure loyalty with three questions – overall satisfaction, recommend intent, and repurchase intent. These three questions, says Neal, will likely correlate at least .80. Measuring intent to recommend and intent to continue in addition to measuring overall satisfaction is tantamount to "measuring the same thing two more times," according to Neal (an expanded discussion can be found on SDR's website).

Naturally these statements cry for rebuttal by Burke, Inc. because Burke uses exactly those three questions in their approach to loyalty research. Replying to Neal in the August 14, 2000 issue of *Marketing News* (with an expanded discussion on Burke's website), D. Randall Brandt, a respected authority himself, states, "we take a position that is strongly opposed to the one offered by Mr. Neal." Unlike Neal's behavior-only view, Brandt states his firm's position - loyalty is "reflected by a combination of attitudes and behaviors." Brandt goes on to defend the three specific items by noting that while correlated, the measures are not redundant. Scoring highly on one does not necessarily mean scoring highly on all. But, says Brandt, scoring highly on all *is* an indication of being a "secure customer." Brandt says the three items can serve as leading indicators of a variety of actual behaviors surrounding loyalty (e.g., repeat purchase, customer retention) once an association has been established empirically.

So we have competing opinions about the nature of loyalty. We also have competing opinions about appropriateness (or lack thereof) of measurement with the three items: satisfaction, recommend and continue. I'm compelled to chime in with a third perspective on some of the points raised by Neal and Brandt. I suggest that (a) previous literature in our field, (b) specification of causal relationships, and (c) scientific principles related to measurement and modeling, can help to shed some light on the debate.

WHAT DOES THE LITERATURE SAY: LOYALTY AS BEHAVIOR ONLY, OR ATTITUDE AND BEHAVIOR?

First, let's consider the nature of loyalty. Is it attitudinal and behavioral as described by Brandt, or is it behavioral only as argued by Neal? As

Brandt has pointed out, the attitude and behavior perspective seems to have prevailed in the literature as early as the 1970s. Indeed in 1969, George S. Day, a pillar in our field, argued that loyalty involved both attitude and behavior. Other early theorists also promoted this view (e.g., Richard Lutz and Paul Winn). The classic text is probably Jacoby and Chestnut (1978), *Brand Loyalty: Measurement and Management*, published by Wiley. In fact that was an exhaustive review of existing literature on the topic of brand loyalty, including Jacoby's own work in the early seventies. Based on that, a well reasoned conceptual definition of loyalty was put forth that included both attitudinal and behavioral components.

It is my opinion that we should not leave behind this rich research tradition and literature. All that work has a natural carry over from the brand context to the customer context. In fact, recent publications have drawn from this attitude-behavior heritage to continue present day theoretical discussions of loyalty (e.g., Dick & Basu 1994; Oliver 1999).

So, in light of past literature, and along with Brandt, I respectfully disagree with Neal's position that loyalty is only about behavior. I add a problematic scenario to the ones pointed out by Brandt to reveal another potential weak spot in the behavior only view. If a buyer has a cognitive rule "buy the lowest priced brand," and brand B is always lowest, the person looks like a loyal customer over time behaviorally. Until brand A enters the market at a lower price. Then the customer switches to show repeat purchase of A, until market prices change again. To which are they truly loyal – the brands or the decision rule? Repeat purchase behavior does not equal true loyalty.

SATISFACTION, RECOMMEND, AND CONTINUE – CORRELATION AND SPECIFICATION

I agree with Brandt that multiple attitudinal and behavioral elements can be used to measure

loyalty. However, I respectfully disagree with him about the three particular items used in the Burke index - overall satisfaction, recommend intent, and repurchase intent. I side with Neal who asserts "Those questions do not measure loyalty." So, what do they measure and why are they correlated? On those subjects, I disagree with both Neal and Brandt.

Neal suggests all three may measure *satisfaction*. Pointing to their intercorrelation, he says they "usually are measuring the same thing – satisfaction with the product or service." This implies a reflective measurement model shown in Figure 1 where all three items "reflect" (arrows pointing outward) a single underlying latent construct: customer satisfaction.

Figure 1
Reflective Model Implied by "All Measure Same Thing"
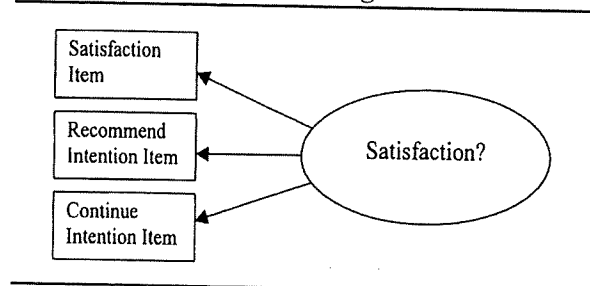
Brandt, while also acknowledging the correlation among the three items, argues that all three work together to capture *loyalty*. Through application of an algorithm, he says Burke uses the pattern on the three items to constitute a degree of loyalty - or in their terminology, a level of customer "security." This view implies a formative measurement model as shown in Figure 2 where all three items work to "form" an index (arrows point inward) capturing an underlying latent construct: customer security/loyalty.

So two specific views have been proposed about what the three items measure, and why they are intercorrelated. But it is interesting to note that by their own words, both Neal and Brandt have pointed to other possible conceptual formulations with the three items. Brandt notes

that just because measures correlate does not mean they are redundant: "measures may be correlated for a variety of reasons." And Neal says, "For most people, if they are satisfied with a brand...then they also are highly likely to say they would recommend that brand to others and that they would likely repurchase...." In fact, Neal's statement perfectly frames my opinion about the three items. Satisfaction, recommendation intent and repurchase intent do not measure any single conceptually clean unidimensional construct. They measure three different constructs and are correlated because of an underlying structure of *causal relationships*, shown in Figure 3.

Figure 2
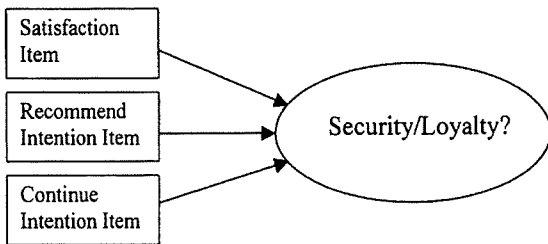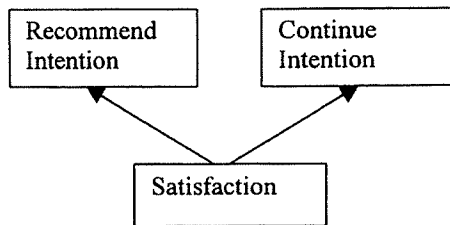**Formative Model Implied by "Pattern of Three Ratings"**

Figure 3
Rival Structural Diagram Accounting for Intercorrelated Measures

The rival structure of Figure 3 certainly will produce observed intercorrelations among the three measures. Further, it is totally consistent

with the heart of much early customer satisfaction thinking (i.e., customer satisfaction generally *leads to* desired business outcomes like customer recommendation and intent to purchase again). So where Brandt critiques Neal for not clearly parsing why the three items are correlated, I would say he also needs to go farther to specify the structure of the clear causal relationships among the constructs. Satisfaction, as an indicator of met or exceeded expectations, is one driver of recommend and repurchase intentions. Further, mapping out a path diagram like Figure 3 to explain intercorrelation among the three measures, cannot be considered a definitional road map for loyalty measurement. For that, we must look elsewhere.

GOOD SCIENCE CAN HELP DEBATES ABOUT MEASUREMENT AND MODELING

How do we bring clarity to this debate? I believe we do so through standard, established scientific procedures, as continually applied in publications like Journal of Marketing, and Journal of Marketing Research. There needs to be a reasoned conceptual definition of each distinct construct under scrutiny, valid and reliable measures of those constructs, appropriately specified structural/causal models showing theoretically how the constructs are related, followed by empirical testing of those hypothesized model structures.

In the case of loyalty, drawing from the literature, a reasoned conceptual definition of loyalty should include both attitudinal and behavioral components. In research using survey methodologies, intent to repurchase can tap the *behavioral* component of loyalty. As a behavioral intention, this is distinct from pure attitude and has been argued in attitudinal theories to be a precursor of subsequent behavior. That is not to preclude use of truly behavioral measures however. Actual repeat purchase behavior certainly can be used to capture the behavioral component of loyalty.

Next we need a clear conceptual definition for *attitudinal* loyalty. Again the literature offers a number of directions here. For example, one might use something like psychological attachment to the brand/product/service. After using theory and past research to define attitudinal loyalty, it must be operationalized with appropriate measures. Empirical data on these measures need to demonstrate certain characteristics (internal consistency reliability, convergent and discriminant validity, etc.).

Can intent to recommend and satisfaction together somehow capture this attitudinal part of loyalty? My opinion is that they cannot. Intent to recommend is a behavioral intention, not a measure of attitudinal loyalty. Like repurchase intent, it is a *causal outcome* of favorable attitudes, not a direct measure of them (i.e., I am satisfied therefore I recommend). What about satisfaction – can it tap attitudinal loyalty? Again, I don't think so. Rather than being a measure of attitudinal loyalty, it is a *causal antecedent to* attitudinal loyalty (i.e., I am satisfied therefore I am predisposed to be loyal). In fact, there needs to be explicit recognition that satisfaction is not a direct indicator of attitudinal loyalty. We know some satisfied customers defect. As Neal pointed out, "just because I am highly satisfied with a brand's performance doesn't mean I will necessarily repurchase." Satisfaction may contribute to loyalty, but it is not equivalent to loyalty.

Then, having considered valid conceptual definitions and measures of the attitudinal and behavioral components of loyalty, an appropriate method must be used to combine these into a single construct measurement. Depending upon a chosen theoretical position on how the two components work together, a reflective latent variable, a formative latent variable, or some other means or statistical combination can be used. Bottom line: we need conceptually and empirically valid measurement, and combination, of the attitudinal and behavioral components of loyalty. After that, we can use accepted scientific practices to specify and test things that result from

loyalty (e.g., recommendation), and things that contribute to it (e.g., satisfaction, value). This is a classic scientific sequence – attention to valid and reliable construct measurement, then specification and testing of causal antecedents and consequences of that construct.

CLOSING THOUGHTS

Neal and Brandt have raised important issues about the conceptualization and measurement of customer loyalty. Their opposing views about the nature of loyalty and the appropriateness of the three-item approach spark useful debate on a topic of considerable theoretical and applied interest in our time. I have presented an alternative view that I believe avoids some potential points of critique in their positions while leveraging and unifying the strongest points of the two perspectives.

In conclusion then, let's not miss the rich history from which general consensus emerged about conceptualizing loyalty. It involves attitudinal and behavioral components. Then, let's apply the best scientific practices in our field to operationalize and test appropriate definitions with measures and models that withstand rigorous conceptual and empirical investigation. Maybe then we can land on something about which we all can agree.

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Send correspondence regarding this article to:

Doug Grisaffe
Vice President, Chief Research Methodologist
Walker Information
1026 Simmons Lane
Franklin, TN 37069 U.S.A.