CHAPTER 2 REVIEW OF LITERATURE

2.1 INTRODUCTION

Initially customer loyalty primarily dealt on the behavioural aspects of customer loyalty. This includes proportion of procurement, its succession and likelihood of purchase. The area of customer loyalty is of great managerial interest. This chapter contains list of empirical research conducted in the area of loyalty at the global and national level and the reviews are presented in a chronological order..

2.2 REVIEW OF EMPIRICAL STUDIES ON SERVICE LOYALTY

Churchill (1942) was the foremost to gather group data to establish customers’ whole buying behaviour, their loyalty towards the brand and their intention to switch among brands. This new work on loyalty set the course for additional study in this arena.

Brown (1952) used behavioral approach, focussing principally on a chain of purchase measurement. On the other hand, he paid only a scarce consideration to the reason for customer loyalty and hence the fame of his hypothesis on loyalty gained very diminutive thrust. However, this decisive work on loyalty provided the exact stage for later research efforts relating to loyalty.

Cunningham’s (1956) study on loyalty pattern chain, introduced the idea of market share or percentage of buy index as a pointer of loyalty. Accordingly, families were considered loyal to a brand if it allocated half their amount spent on
purchases within a product group to one brand and thus popularizing the concept of behavioral loyalty as the major form of loyalty.

Jacoby and Kyner (1973) defined customer loyalty as a biased (i.e. non–random) behavioral response (i.e. purchase), expressed over time by some decision making unit, with respect to one or alternative brands out of a set of such brands and was a function of psychological processes.

Nordstrom and Swan (1976) discovered that any change in ownership resulted in altered patterns of customer loyalty. Alteration of any market variable is likely to upset the probability of continued loyalty. Dealer ownership was shown to be a significant influence on customer loyalty. In particular, a change of ownership had an impact on brand and source selections. This effect was reflected, in shifting of loyalty patterns among members of the experimental group.

Jacoby and Chestnut (1978) explored the psychological meaning of loyalty in their effort to distinguish it from behavioral (i.e. repeat purchase) definitions. Their analysis concluded that consistent purchase is an indicator of loyalty could be invalid because of accidental buying or a preference for convenience and that inconsistent purchase could mask loyalty if consumers were multi-brand loyal. Therefore, the researchers summarized that it would be unwise to infer loyalty or disloyalty solely from the perspective of repetitive purchase patterns without further analysis.

Dick and Basu (1994) discovered that loyal customers were less motivated to search for alternatives, more resistant to counter-persuasion from other brands, and were more likely to pass along positive word-of-mouth communication about the service to other consumers. Further, they demonstrated that loyalty was more prevalent among service customers than among customers of tangible products. In the services context, intangible attributes such as reliability and confidence played a major role in building or maintaining loyalty.
Morgan and Hunt (1994) popularized the use of the concept of commitment in loyalty marketing in the 1990’s and their definition of commitment as an enduring desire to maintain a valued relationship refers to a psychological state which results from customers liking or even loving and therefore becoming emotionally attached to their service provider resulting in enduring loyalty. They suggested that affective commitment is the most effective kind of commitment for developing and maintaining relationships and it has a positive effect on a) intention to stay in the relationship, b) desire to stay in a relationship, c) performance and d) willingness to invest in a relationship.

Ellis and Beatty (1995) examined customers’ motivation for long term relationships, the nature of these relationships and their outcomes like customer satisfaction, customer loyalty, word of mouth and purchases. They made this study on the relationship marketing in retail clothing/accessories setting. Results indicated that the personal need variables were useful in classifying customers and in determining the types of relationships certain customers are likely to have, in comparison to other types of customers.

Reichheld (1996) was of the view that some customers were inherently more loyal than others. He introduced a loyalty coefficient which helps in understanding customers predispositions to being loyal. He also revealed that one of the salient benefits of customer loyalty, especially for service organizations, is word of mouth (WOM) communication. Loyal customers often generate new business via WOM recommendations to prospective and other existing customers of the firm.

Carbone (1997) wonders whether loyalty was a subversive doctrine and after various reflections responded affirmatively. In his own words: “loyalty is a vicious hoax we perpetrate on ourselves, revealed when the other guy inevitably trades loyalty for self interest”. Loyalty in the business world was generally understood in three ways: a) Transactional retention b) Sentimental attraction and c) Willingness to commit oneself.
In their attempt to build the repercussion of service loyalty to service providers, Javalgi and Moberg (1997) analyzed Dick and Basu loyalty model through intense empirical analysis. It focused on the various forms of loyalty viz. latent, spurious and no loyalty in a range of industries and established that loyalty is far above the ground for services that are extremely custom-made and implicated high level of finding exercised by service providers. They also stressed that marketers with loyal customers cannot be content but must always work at to uphold the loyalty they have accomplished with their customers by personally working with employees and sprucing up the method of service delivery.

Kandampully (1997) suggested that there was no disagreement that customer loyalty is the goal, but claims that this presupposes the establishment of trust and long-term relationship and the only way to gain this trust and long-term relationship is first by offering it. Organizations will thus need to commit themselves to their customers – a commitment to offer loyalty of service.

Andreassen and Lindestad (1998) revealed that in the package tour industry which is a complex service industry, corporate image rather than customer satisfaction was the main predictor of customer loyalty. This finding challenges the disconfirmation of expectations paradigm, which predicts customer satisfaction as the primary route to customer loyalty.

Bowden (1998) described that how Nortel Wireless Networks initially recognized the need to enhance the existing emphasis on purely customer satisfaction to that of an evolving focuses on customer loyalty. He also highlighted the rationale behind the evolution from a customer satisfaction strategy to that of a customer value management methodology leading towards increased customer loyalty.

Gabbott and Hogg’s (1998) review of loyalty suggested that bonding arrangements between the parties in the relationship can act as a form of “glue” and proposed six forms of bonding which act in concert: goal compatibility, trust, satisfaction, investment, social and structural ties.
Mittal and Lassar (1998) concluded that in service industry the relationship between satisfaction and loyalty was asymmetrical: while dissatisfaction nearly guarantees switching, satisfaction does not ensure customer loyalty. More importantly, the drivers of “loyalty beyond satisfaction” were different from what drives dissatisfaction versus satisfaction. The potency of technical quality (“the quality of the work performed”) and functional quality (“the quality of the service”) in delivering satisfaction and loyalty differed. And it varied between a low contact and a high contact service. For a low contact service (e.g. car repair), technical quality was needed to first obtain satisfaction, and then functional quality was needed to drive loyalty beyond satisfaction. The converse was the case for a high contact (e.g. health care) service.

Simon (1998) researched on customer development, customer retention and loyalty management. His thesis highlighted the point that in a bid to hold on to customers, companies have to get involved in the customers purchase decision-making process (customer development strategy) and accordingly provide better products and services (product development strategy) to suit their requirements.

Soderlund (1998) supported an affirmative alliance between customer satisfaction and customer loyalty, but he also noted that increasing satisfaction does not produce an equal increase in loyalty for all customers.

Susan et al. (1998) tried to determine the prominence of relationship marketing. They argued that whilst companies, managers, and academics advocate relationship marketing asserting that it is on the increase, there is an augmented apprehension that the relationship is quite biased. A more rapid look at the fact reveals a compulsory partaking of the customers instead of a pleasing intended approval of the relationship by them. Hence it is up to the board of services firm to track it in complete stifle and in the snip earn loyalty of customers.

Andreassen (1999) proposed and tested a theoretical model focusing negative effect, satisfaction with complaint resolution, and corporate image as antecedents to customer loyalty. He found that satisfaction with complaint
resolution had a positive impact on customer loyalty. Complaint resolution is thus an important element of the company’s customer retention strategy. Second, negative affect caused by the initial service failure had a negative impact on satisfaction with complaint resolution and customer loyalty. Finally, corporate image had a positive impact on customer loyalty.

Bloemer et al. (1999) argued that the affiliation between perceived service quality and service loyalty is a subject which requires theoretical and empirical explanation. Focal point on the modification of a scale for measuring service loyalty magnitude and the relationship between dimensions of service quality and service loyalty, the research was carried out in a block of service industries. The results of their empirical study propose that there are four clear dimensions of service loyalty, namely, word of mouth communication, price sensitivity, complaining behaviour and purchase intention. This research also recognized the relationship between service quality and service loyalty at dimensional level with prominent difference across industries.

Don et al. (1999) have explored the concept of relationship marketing, especially one to one marketing. They have suggested that in order to get started on relationship marketing, it is necessary to identify the customers; differentiate the customers; interact with the customers; and customize the service to fit each individual customers needs.

Ehrenberg and Scriven (1999) exhibited that few consumers were “monogamous” i.e. 100 percent loyal or “promiscuous” i.e. no loyalty to any brand. Rather most people were “polygamous” i.e. loyal to a portfolio of brands in a particular category. From this perspective, loyalty was defined as an ongoing propensity to buy the brand, usually as one of several.

Grayson and Ambler (1999) ascertained that loyal customers were more likely to expand their relationship within the product range and so the rewards from this group were long term and cumulative.
Gremler and Brown (1999) concluded that the influence of loyal customers can reach far beyond their proximate impact on the company. This impact was analogous to the ripple caused by a pebble tossed into a still pond. They introduced the loyalty ripple effect construct and defined it as the influence; both direct and indirect, customers had on a firm through (1) generating interest in the firm by encouraging new customer patronage or (2) other actions or behaviors that create value for the organization. That is, in addition to their revenue stream, they suggested that loyal customers may engage in several behaviors, including word-of-mouth communication that add value to or reduce costs for the firm.

Oliver (1999) revealed that satisfaction was a necessary step in loyalty formation but becomes less significant as loyalty begins to set through other mechanisms. Further, customer loyalty cannot be achieved or pursued as a reasonable goal by many providers because of the nature of the product category or consumer disinterest. For some firms, satisfaction was the only feasible goal for which they should strive; thus, satisfaction remains a worthy pursuit among the consumer marketing community.

Rowley and Dawes (1999) reviewed the theoretical work on customer loyalty and identified that loyalty has both attitudinal and behavioral elements. Categories of loyalty proposed by Dick and Basu were defined by the relationship between attitudinal and behavioral aspects of loyalty. Antecedents to loyalty include cognitive, affective and conative factors. The outcomes of any programme to manage loyalty needs to be evaluated and measured. The measurement of loyalty poses some interesting challenges in terms of the definitions of the attitudes and behaviors that it might be appropriate to measure.

Schneider and Bowen (1999) have researched on customer delight and customer needs. Their thesis has presented a perspective on customer satisfaction that addresses the emotions of delight and outrage. It is based on people’s needs rather than the conventional model that focuses on customer expectations. They conclude that if the service providers like retail banking, offer services after carefully examining the past demands of customers, such service offers would
certainly delight the customers which in turn would lead to life time loyalty formation.

According to Shoemaker and Lewis (1999) loyal customers enact as information channels, informally linking networks of friends, relatives and other potential customers to the organization.

Tepeci’s (1999) effort to establish the reasons that add to brand loyalty in the hospitality industry were on demarcating the significance of loyalty in the services sector, by listing the weight of factors that control the intensity of loyalty, viz., innovation, awareness, image, reputation, satisfaction and perceived quality and also tried to demonstrate their degree of control on loyalty increase via empirical grounding. He supports the hypothesis that loyalty does not assure satisfaction but vice-versa through quantitative results. The research also suggested that loyalty programs do act as a firm motivator for loyalty.

Alonso (2000) tested a model of customer loyalty which compromised of two facets: the firm and the consumer. The firm was the entity that starts the process with the production of a consumer value package that includes a product or service and a strategy to deliver it into the consumer’s hand. The results suggested that consumer trust and commitment had a key mediating role in the process of building loyalty. The buying process with trust and commitment will be able to generate loyalty involving repeated purchases in a long term relationship between the firm and its consumers.

Sharma and Patterson (2000) argue that in the relationship marketing literature, no significant attempt has been made to examine direct antecedents and mediator variables effect on the formation of customer loyalty. To be precise, under what conditions the antecedents like trust, commitment, alternative attractiveness have a stronger/ weaker impact on relationship commitment is a grossly under researched area. The study conducted among the samples selected from financial services sector, tested a contingency model developed to assess the impact of trust and satisfaction on the loyalty commitments of customers through the mediating role of alternatives attractiveness. The results from their study
indicate that the impact of trust and satisfaction vary according to contingency conditions of attractiveness of alternatives in the banking industry tested.

Boenitz (2001) postulated that most of the company’s financial systems do not capture the value of a customer loyalty, focusing instead on current period costs and revenues while ignoring expected customer cash flows. By understanding the economies of deflections, managers often came to realize that product and service quality improvements was not costs, but investments in customer retention. Improving customer satisfaction yields to customer retention, market share and profitability.

Bowen and Chen (2001), upon investigating the association among customer loyalty and customer satisfaction in hotels industry, argued that recognition of correct attributes of service product would augment customer loyalty. The study made use of the database of a hotel drawn from a sample of 564 customers through a mail survey. The outcome of the study indicates that the affiliation between Service Satisfaction and Service Loyalty is non-linear.

Mattila (2001) examined the impact of relationship type on customers’ behavioral intentions in a context of service failures. Overall, the results from the two scenario-based experiments indicated that building a true service relationship with the customer might be a critical factor in ensuring customer loyalty with a failed recovery attempt. Moreover, he suggested that bonding the customer to the company might reduce customer resistance to premium prices.

Odin et al. (2001) pointed out the lack of valid and reliable measures concerning loyalty and then strove to conceive, test and validate a relevant measurement procedure of this construct. Following a rigorous methodology based on Churchill paradigm, the authors first tried to conceptualize the loyalty measures by analyzing the stochastic approach (i.e. Loyalty is behavior) and deterministic approach (i.e. Loyalty is psychological commitment). A synthesis resulting from such analysis led to a proposal of differentiation of the repeat purchasing behavior by the concept called “brand sensitivity”. They postulated
that level of involvement in purchase of services influenced the brand sensitivity, which in turn affected customer loyalty.

Straughan and Albers-Millers (2001) explored that cultural individualism was inversely related with customer loyalty to domestic retailers; ambiguity evasion was completely related to customer loyalty to domestic retailers, the relative amount of foreign imports to GDP was pessimistically related to customer loyalty to domestic retailers, and men exhibited greater loyalty to domestic retailers than women do.

Widzer (2001) measured the aspects of customer loyalty and customer satisfaction that were most likely to impact retention rates of business travelers among their choice of traveler providers. He deliberated on the importance of an organizational culture that promotes loyalty and satisfaction, the effect of customer loyalty and satisfaction on the internal dynamics of an organization, the difference and similarities between customer loyalty and satisfaction. He also found that airfare is the most important attribute that impacts retention rates.

Yu and Dean (2001) carried out a study on input of emotional satisfaction to customer loyalty by means of customer satisfaction and service loyalty scales. The study found that there is a significant relationship between service satisfaction and service loyalty when the customers position affective component in making a decision upon their future course of action. It also incorporated cognitive element but persisted further on affective component of satisfaction. It investigated the role of emotions in satisfaction and then matched the predictive ability of cognitive and affective elements. Key result of the study suggested that both positive and negative emotions correlate with loyalty. Regression analysis was used in the study which indicated that ‘affective component’ served as a better predictor of loyalty and proved to be the most reliable dimension of loyalty. The role of positive word of mouth was also discussed at length in customer retention.

Chiou et al. (2002) proposed a cognitive-affective-conative baseline model. Perceived service quality (both tangible company-related and employee-related
factors) was modeled antecedent to satisfaction and trust, which in turn were antecedents to customer loyalty responses (word of mouth and traditional loyalty). These relationships were then hypothesized to be moderated by high versus low knowledge, a moderation based on central versus peripheral processing. The results showed that employee service quality had a greater impact than company service quality on trust and satisfaction in both knowledge groups.

Coulter and Coulter (2002) through their empirical study highlighted the part of trust as a prime factor in the establishment of loyalty relationship between service provider and customers. The research persisted on two fold factors of service loyalty determinants, namely person-related (e.g. empathy, politeness) and offer-related (e.g. customization, reliability, promptness) and attempt was on to find out the significance of these characteristics. The outcome showed that the track of relationship of these trust determinants with service loyalty was diverse across businesses but stayed mostly encouraging.

Hill et al. (2002) studied the impact of computer mediated communication technologies on customer’s perception which in turn could improve customer satisfaction and engender customer loyalty. They developed a model that posited how several service process design parameters associated with computer mediated communication influenced the customer’s beliefs and attitudes towards: (a) the contact episode specifically, and (b) the service provider generally. The findings indicated that personalization and synchronicity significantly impact customer intentions regarding both loyalty and the propensity to use the communication medium for future contacts with the firm. Technologies that allowed for increased levels of personalization in the customer service process were found to have the greatest impact on customer satisfaction.

Gounaris and Venetis (2002) investigated behavioral consequences, moderating effect and antecedents of trust on loyalty or relationship and observed customers and service quality as antecedents of trust and it as a component of long (loyal) relationships. Obtaining from the empirical data collected among business-to-business services and clients, the conclusion presented a view that time element
is also significant in developing favorable perceptions on service quality and eventual trust worthiness.

Heskett (2002) concluded that an important antecedent of customer loyalty was customer satisfaction. Research suggested that while customer satisfaction and loyalty provide a foundation for high levels of customer lifetime value, he supported a range of customer behaviors with widely varying values, characterized by mere loyalty, commitment, apostle-like behavior, and ownership.

So and Scull (2002), in their effort to unravel the role and effect of trust, quality, value and risk on loyalty building, conducted an empirical study among e-business customers and they found out that trust in service setting has huge effect on sustained relationships and satisfaction, to a large extent, fosters trust. They also stressed that ‘continuances satisfaction’ plays an important role in building trust and keeping up stable relationship with customers.

Fullerton (2003) investigated the roles played by different forms of commitment in the relationship between customers and their service provider. It was found that when customer commitment was based on shared values and identification, it had a uniformly positive impact on customer loyalty. When customer commitment was based on switching costs and dependence, it had mixed effects on customer loyalty. In addition, it was found that there were significant interactions between these two forms of commitment on customer loyalty.

Luarn and Lin (2003) attempted to empirically test a customer loyalty model on e-service by taking trust, customer satisfaction, perceived value and commitment as constructs that combine to determine loyalty and observed that commitment exerts greater influence than the other three constructs. It was also found that customer satisfaction and perceived value were also indirectly related to commitment.

Ranaweera and Prabhu (2003), in their effort to examine the influence of satisfaction, trust and switching barriers, developed a complete model framework on the relationship among these constructs. They did a survey on landline
telephone customers who are extensively involved in constant purchase setting and through a holistic approach studied the joint effect of service quality and service satisfaction on service loyalty. The results revealed, differing to some assertions in the literature that the consequence of trust on loyalty is weaker than satisfaction and trust is an indicator of loyalty.

Uncles et al. (2003) revealed that loyalty in competitive repeat-purchase markets was shaped more by the passive acceptance of brands than by strongly held attitudes about them. They reviewed three perspectives on loyalty and relate these to a framework for understanding customer loyalty that encompasses customer brand commitment, customer brand acceptance and customer brand buying.

Walter and Ritter (2003) have discussed the role of trust, commitment and adaptations in creating loyalty in industrial, business setting. Drawing a sample of 200 customers and suppliers, the relationship between them has been studied with an intention to identify the extent of importance attached to trust and commitment in such relationship building. The results of the study have clearly point out that trust and commitments are they key drivers of service loyalty.

Beerli et al. (2004) proposed that satisfaction together with personal switching costs were antecedents leading directly to customer loyalty, with the former exerting the greatest influence and perceived quality were a consequence of satisfaction. They also showed that the degree of elaboration in the bank selection process does not have a moderating influence on the causal relationship between satisfaction/switching costs and customer loyalty.

The framework developed by Kumar and Shah (2004) on building and sustaining profitable customer loyalty has highlighted the deficiencies in the loyalty development programs conducted by organizations, such as the weak correlation between customer loyalty and profitability. The individual customer level differences, especially in banking services viz. psychographic, demographic, behavioral, attitudinal etc. getting ignored, is also brought to light by studying various loyalty programs offered by companies across service industries. The
study suggested that loyalty programs should be critically linked to profitability by incorporating CRM initiatives with loyalty development and sustenance efforts.

Morais et al. (2004) tested a conceptual framework of the development of loyalty that was grounded in resource theory, reciprocity, and customer equity. The results indicated that if customers perceived that a provider was making an investment in them, they in turn made a similar investment in the provider, and those investments led to loyalty. The findings revealed that investments of love, status, and information were more closely associated with customer loyalty than investments of money. These findings supported the proposed theoretical model and helped in explaining how well-designed loyalty programs may lead to increased psychological attachment.

Carpenter and Fairhurst (2005) supported for significant, positive relationships between utilitarian and hedonic shopping benefits, customer satisfaction, customer loyalty and word of mouth communication in retail apparel branded context.

Hess and Story (2005), through their study on consumer-brand relationships, proposed a multidimensional model of commitment-trust-satisfaction-loyalty. SEM was employed to validate the model from two empirical studies. The results of the study have clearly shown that satisfaction is an antecedent to trust which is an indicator of loyalty. They have stressed that this trust based model is statistically superior to previous models and explains customer-brand relationship much more extensively.

Rowley (2005) found that all loyal customers were not at the same ladder, they were standing at different ladder of customer loyalty and to retain those differentiated strategies had to be adopted.

Rundle-Thiele (2005) highlighted that there were different ways in which customers can be loyal and attitudinal loyalty was the most important dimension for marketers to monitor. Further, the dimensions of loyalty may include
propensity to be loyal, behavioral intentions, complaining behavior, resistance to competing offers, attitudinal loyalty and behavioral loyalty.

Ball et al. (2006) showed that the effect of service personalization on customer loyalty exists, but the effect was not all direct. Personalization works through improving service satisfaction and trust. Personalization and improved communication act together in such a way that they account for the variance in customer loyalty that would be otherwise explained by corporate image.

Sudhahar et al. (2006), in their effort to assess service loyalty recognized seven dimensions of loyalty, namely, cognitive, behavioral, attitudinal, conative, trust, affective and commitment. By deploying Confirmatory Factor Analysis, they have empirically examined the fixture of these dimensions of loyalty and found a ideal fit and thereby confirming that these dimensions are the reflectors of service loyalty in a bank setting in India.

Leverin and Liljander (2006) investigated the relationship marketing (RM) strategy of a retail bank. They found no significant differences between the segments on customers’ evaluations of the service relationship or their loyalty toward the bank. Furthermore, regression analysis revealed that in the profitable segment, relationship satisfaction was a weak determinant of customer loyalty.

Soderlund (2006) conducted two empirical studies in service settings through multi-item measures on customer loyalty facets such as repatronage intentions and word of mouth intentions. Deploying structural equation models he found out that these tip facets of repatronage and WOM are two separate factors and they are strong indication of presence of loyalty among customers. He had also cautioned that the lumping together of such facets as repatronage intentions and WOM intentions is likely to conceal significant aspects of loyalty per se and its relation to other variables in the nomological net.

Turner and Wilson (2006) identified the impact of the Tesco Clubcard on customer loyalty. A positive moderate relationship was found between the owning of a Clubcard and loyalty to store. They also found that there was a positive moderate relationship between the Clubcard returns and customer loyalty.
Zineldin (2006) examined and developed a better understanding of triangular relationship between quality, customer relationship management (CRM) and customer loyalty (CL) which might lead to companies’ competitiveness (CC). Changes in quality over time within various segments or related to specific products or categories of products/services can be used as an indicator of the level of customer loyalty. By linking infrastructure, interaction and atmosphere indicators to the quality of object and processes, researchers and managers can document which changes in CRM strategy improve the overall satisfaction and loyalty, hence the ultimate outcomes.

Jones and Farquhar (2007) examined minor service failures in UK banking and considered the impact that satisfaction with service recovery had on customer intentions to continue their custom and make recommendations. A few customers who complained about minor service failures reported that they were very satisfied with the service recovery. Weak service recovery influenced customer intentions about continued custom and recommendation. Minor failures in account management and bank charges were shown to have a marked effect on intended loyalty behaviors.

Jones and Taylor (2007) argued for and tested, using survey data from over 300 service customers, a multi-dimensional conceptualization of loyalty based on theory from the interpersonal psychology literature and advances in the field of psychology. The findings of this research highlight that service loyalty is similar to loyalty in interpersonal relationships, providing further evidence for the notion that service provider-customer relationships can approximate friendships or even romantic partnerships in terms of loyalty like responses. It also suggests that to identify truly loyal customers, firms should at the very least, measure loyalty related outcomes from both dimensions, namely, service provider and customer.

Keiningham et al. (2007) examined different customer satisfaction and loyalty metrics (satisfaction, expectations, value, etc.) and tested their relationships to customer retention, recommendation as well as share of wallet.
The data were collected from US customers of three industries: mass merchant retail, retail banking and ISPs. The results indicated that recommendation intention alone was not an indicator of loyalty rather, performed better in prediction of customer recommendations and retention.

Kuusik (2007) studied the influence of various factors on customer loyalty. The main hypothesis of his study insisted that the list of most important factors affecting loyalty was dependent on the level of loyalty of customers. LOGIT method was used for testing the hypotheses on the sample of survey data about 1000 private customers of the biggest telecommunication company in Estonia. The results revealed that four analyzed factors affecting customer loyalty: satisfaction, trustworthiness, image and importance of relationship were playing different role on the different levels of customer loyalty.

Ndubisi’s (2007) study on customers of a Malaysian bank recommended that customers tend to be loyal if the bank is trustworthy, reliable, efficient in communicating with customers, committed to providing good service and able to handle conflicts well. The study offered empirical evidence of the influence on customer loyalty of relationship marketing’s four keystones: commitment, trust and conflict handling. He described that banks aiming to develop loyal customers should be trustworthy, committed to the service ethics and communicate accurately and without delay. Furthermore, banks must resolve conflict in a manner that minimizes loss and inconvenience to customers. Further, it was observed that loyal customers are valuable communicators of positive word-of-mouth about the services and products of the organization and they attract new customers to the organization and may augment their own consumption, thus increasing sales and revenues. Ultimately, loyal customers can also be useful sources of new product/service ideas.

In an endeavor to examine loyalty in a service context using the demographic correlates, Patterson (2007) conducted an empirical analysis across three different service sectors. The purpose of the study was to find out whether loyalty behavior and loyalty motives vary with three demographic characteristics, namely, age, sex and occupation. The results of this exploratory research indicated
that age and occupation are closely associated with service loyalty, in particular with repurchase intentions across the three industries studied, while gender is not, and what was evident from the study was that more mature age groups (35 and above) displayed more loyal behavior than their younger counterparts.

Brunner et al. (2008) discovered that for new customers satisfaction was crucial whereas image plays a much smaller role in terms of customer loyalty. For experienced customers, however, the importance of satisfaction decreases whereas the impact of image increases.

Ganguli and Kumar (2008) explored the drivers of customer satisfaction and loyalty among retail store customers. They found that neither customer satisfaction nor loyalty was affected by parking. Satisfaction and loyalty was mostly influenced by pricing features, which established the fact that India is still a highly price conscious market. The next best driver of satisfaction and loyalty was store ambience emphasizing the fact that in case of a supermarket, retail shopping customers preferred to shop in an environment which is cool and calm, and they can spend their time in a leisurely manner choosing assorted products in an easy manner.

Han and Back (2008) investigated the relationship between image congruence and consumption emotions and the possible influence of this relationship on customer loyalty in the lodging industry. The results showed that their model, which linked image congruence, consumption emotions, and customer loyalty, was generally supported, whereas the linkage between social image congruence and consumption emotions was not significant.

McMullan and Gilmore (2008) highlighted the importance of identifying, understanding and managing mediating effects, in the context of loyalty development. They emphasized the importance of a differentiated approach to develop and manage customer loyalty by appropriately rewarding customers at different levels.

Raimondo et al. (2008) investigated the influences of relational equity on attitudinal loyalty and behavioral loyalty. Moreover, they tested the hypothesis
that relationship age moderates the impact of relational equity on loyalty, adopting a cross-sectional design and data from a sample of Italian customers of mobile phone services (N = 461). Relational equity was recognized as a significant determinant of customer loyalty over and above satisfaction and its influence increases along with relationship age.

Xiaofei et al. (2008) defined the relationship among Guanxi investment, affective commitment and customer loyalty. They proposed a customer win-back model and found that Guanxi investment strategy had significant effects on customer’s loyalty.

According to Davis-Sramek et al. (2009) affective commitment (affective commitment is the relationship with the service provider based on the customer positive experience of the service provider) was directly related to loyalty whereas continuance commitment (continuance commitment is a relationship with the service provider because the customer might not have other alternatives or be at an economic disadvantage if he or she switches from the current service provider) was not.

Han and Ryu (2009) examined the relationships among three components of the physical environment (i.e., décor and artifacts, spatial layout, and ambient conditions), price perception, customer satisfaction, and customer loyalty in the restaurant industry. The three factors of the physical environment strongly influenced how customers perceived price, and this price perception, in turn, enhanced customer satisfaction level and directly/indirectly influenced customer loyalty. Decor and artifacts were the most significant predictors of price perception among the three components of the physical environment. Furthermore, both price perception and customer satisfaction played significant partial/complete mediating roles in the proposed model.

Anuwichanont (2010) examined the impact of the multidimensional conceptualization of commitment (informational complexity, position involvement and volitional choice) on loyalty in the airline context. The results supported the three dimensions of commitment as the determinants of loyalty. But
no support was found for the hypothesized relationships between informational complexity and attitudinal loyalty and between volitional choice and attitudinal loyalty.

Deng et al. (2010) in their study on mobile instant messages in china customer satisfaction and trust have a direct impact on customer loyalty. Further, they also found that certain demographic factors such as gender, age have moderating effects on loyalty.

Ferguson et al. (2010) in their study on service experience of patients discharged from hospitals found that their loyalty gets enhanced in the form of them being positive word of mouth advertisers about the service and satisfaction rendered to them. The study was done on 500 surgical patients.

Padma et al. (2010) on their study of service quality dimension and satisfaction of 204 patients in the Indian hospitals found that patients rely more on satisfaction for healthcare services since they cannot fully evaluate the technical quality and service providers need to understand the patients view in order to get their loyalty.

Chathoth et al. (2011) examined trust across two cultures in a hotel industry environment between U.S. and India and found that significant difference exists in perception of trust across different national cultures and thereby has its impact on loyalty.

Ganguli and Roy (2011) in their study on generic technology based service quality dimensions in banking found that service and satisfaction have significant and positive impact on customer loyalty.

In a study of patients loyalty and confidence on their doctors, Gaur et al. (2011) observed that loyalty is built based on satisfaction of the patient with regard to their doctor and for this the interaction with doctors occupy a very important position in influencing the satisfaction level.

Jemmasi, Strong and Taylor (2011) in their study of health care industry found that measurement of service quality has an impact on strategic planning
which helps in decision making for the services firm apart from being an antecedent to loyalty.

Mandachitara and Poolthong (2011) in their model of customer loyalty studied responses of 275 retail bank customers of Bangkok and found that service quality has a direct impact on loyalty.

Sidiqui (2011) in his study of customer loyalty of retail banking customers in Bangladesh observed that service quality and service satisfaction has an impact on service quality. The study also points out that service quality attributes are positively related to customer satisfaction.

Agrawal et al. (2012) in their study on determinants of customer loyalty model found that trust, positive word of mouth are significant determiners that influence loyalty. Furthermore, they also found loyal customers to be less price sensitive.

Padmavathy et al. (2012) in their study on customer relationship management effectiveness of the Indian retail bank customers found that customer loyalty was affected by customer satisfaction for banks. They also observed that customer satisfaction and loyalty influenced cross buying.

Shainesh (2012) empirically validated the loyalty setting in a banking environment in India and found that trust has a huge impact on loyalty intentions of the customers.

In summary, as evidenced in this literature review, loyalty is a comprehensive experience created through umpteen numbers of dimensions which may merit further study and by far most researches have been carried out to either measure the determinants or components of service loyalty but not many studies as yet on revealing the grouping of key determinants and indicators of loyalty to bring out the underlying framework of service loyalty. This chapter also reveals that there is limited study on antecedents of service loyalty in stock broking in India. Having identified this gap in the literature, the present study endeavors to filling up this void. The detailed research model is explained in the next chapter.