
Original Article

Development of a conceptual framework for brand loyalty: A Euro-Mediterranean perspective

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ABSTRACT Brand loyalty makes a critically valuable contribution to competitive advantage. High brand loyalty is an asset that lends itself to extension, high market share, high return on investment and ultimately high brand equity. The challenge for marketers is how to influence loyalty. Marketers have rushed to develop so-called loyalty schemes, but do not always appear to have considered the key elements of why consumers remain loyal to a brand. Brand loyalty has been one of the most discussed and most misunderstood marketing concepts of recent years; therefore, it is clearly a good time to revisit the concept of brand loyalty. First, a loyal customer and a satisfied customer are not necessarily the same thing. Customers may remain loyal for a number of reasons and may not even be happy with the product or service. A lack of customer defections does not necessarily indicate satisfied consumers. From the design of a new product to the extension of a mature brand, effective marketing strategies depend on a thorough understanding of the motivation, learning, memory and decision processes that influence what consumers buy. Subsequently, the issue of brand loyalty has been examined at great length in this article with a Euro-Mediterranean perspective.

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INTRODUCTION

The new millennium is not just a new beginning; it is a continuation of trends in human behavior that have been following cyclical patterns. Just because we have entered a new era does not mean we have to start from scratch when it comes to interpreting why certain consumers are loyal to certain brands, and what type of factors influence these allegiances.

Brand loyalty is a crucial goal and result of successful marketing programs, sales initiatives and product development efforts. Moreover, brand loyalty is the consumer's conscious or unconscious decision, expressed through intention or behavior, to repurchase a brand continually. It occurs because the consumer perceives that the brand offers the right product features, image or level of quality at the right price. The image surrounding a company's brand is the principal source of its competitive advantage, and is therefore a valuable strategic asset.

The EU and 12 countries from the Southern and Eastern Mediterranean have agreed to progressively establish a Mediterranean Free Trade Zone (MFTZ) by the year 2010. The MFTZ will conform to the largest Foreign Trade Agreement (FTA) in the world, and will be the most diverse in terms of encompassing a wide range of countries in very different stages of development. Despite the far-reaching environmental, social, economic and cultural transformations that the MFTZ will bring about in the Euro-Mediterranean region, creating and sustaining brand loyalty is going to be the need of the hour. It is time for Developmental, Environmental, Cultural and Gender issues to be considered as a measure to enhance brand loyalty by engaging customers more actively in the process of product development.

An important characteristic of the Euro-Mediterranean Partnership is that, in practice, it is mainly materialized through the establishment of bilateral Euro-Mediterra-

nean Association Agreements between the EU and individual Third Mediterranean Countries (TMCs). For the time being, most of the partner countries have signed bilateral agreements with the EU or are in an advance stage of negotiation.

While the stated long-term goal remains regional integration, the reality is that the bilateral approach taken (that is, between the EU and individual TMCs) will especially boost cooperation and trade between the EU and individual countries. It is not yet clear whether regional integration among TMCs themselves will follow the same path, especially insofar as trade liberalization is concerned. What is apparent is that the EU has entered into negotiations with TMCs with a relatively much stronger bargaining position owing to its economic and political leverage (the most integrated economic region in the world vis-à-vis individual TMCs with developing economies).

One of the main goals of the Euro-Mediterranean Partnership is to reduce the gap between the countries to the North and South of the Mediterranean Sea. Objectives of the study are as follows:

1. To develop a framework for brand loyalty referred to Euro-Mediterranean region.
2. To understand the significance of brand loyalty in the study area.
3. To identify the crucial success factors for brand loyalty in the Euro-Mediterranean region.

The researchers in this article have first explored the different definitions and meaning of brand loyalty. Further, this article tries to examine the issue of brand loyalty with a Euro-Mediterranean perspective.

LITERATURE REVIEW

David Aaker (1992) too suggests that brand loyalty leads to brand equity, which leads to business profitability. Brand loyalty makes a critically valuable contribution to

competitive advantage. Marketing costs render it expensive to introduce new customers, and loyal customers are less likely to switch brands. High brand loyalty is an asset that lends itself to extension, high market share, high return on investment and ultimately high brand equity (Gounaris and Stathakopoulos, 2004).

Building and maintaining brand loyalty has been a central theme of marketing theory and practice in establishing sustainable competitive advantage. Customer loyalty is so important because loyal customers bring many benefits to a firm. According to Reichheld (1996), the various advantages of customer loyalty include a continuous stream of profit, reduction of marketing costs, growth of per-customer revenue, decrease in operating costs, increase in referral, increase in price premium and switching barriers among loyal customers who will not easily surrender to competitors' promotion efforts. Considering these benefits, customer loyalty cannot be overemphasized in the severely competitive business world of today (Reichheld, 1996; Reinartz and Kumar, 2000; Yi and Jeon, 2003).

Brand loyalty has been a major focus of strategic marketing planning (Kotler, 1984), and offers an important basis for developing a sustainable competitive advantage – an advantage that can be realized through marketing efforts (Dick and Basu, 1994). And because its importance has been emphasized in recent times, many companies have been trying to enhance their customers' loyalty through retention programs and relationship marketing strategies (Hallowell, 1996).

Some researchers have proposed and found empirically that if consumers have been satisfied with the promoted brand, their satisfaction is reinforcing and leads to an increase in the probability of choosing the brand again after the promotion is withdrawn, particularly for previous non-users of the brand (Rothschild and Gaidis, 1981;

Kahn and Louie, 1990). Generally speaking, loyalty implies satisfaction, but satisfaction does not necessarily lead to loyalty. Consequently, there is an asymmetric relationship between loyalty and satisfaction (Waddell, 1995; Oliver, 1999). Through extensive research, Baldinger and Rubinson (1996) have validated that highly loyal buyers tend to stay loyal if their attitude towards a brand is positive. In addition, the ability to convert a switching buyer into a loyal buyer is much higher if the buyer has a favorable attitude towards the brand.

From a purely stochastic approach, brand loyalty is considered tantamount to repeat purchasing and grounded on no manifest factors determining the behavior. It is impossible to detect any antecedents of repeat purchases, and therefore companies gain no understanding of how to build brand loyalty. From a determinist approach, brand loyalty is conceptualized more like an attitude or intention to purchase and it is believed that the researcher can investigate the factors producing brand loyalty.

Marketers investigating these factors may therefore gain valuable insights into the creation and retaining of brand loyalty among customers.

Although the stochastic approach seems very useful for explaining consumer purchase behavior of fast-moving consumer goods (for example, powder, detergent, toothpaste and so on), it is believed that even for frequently purchased consumer goods the purchase decisions are rarely made on a purely arbitrary basis. Therefore, many researchers gravitate towards the composite definition of brand loyalty, which was originally suggested by Day (1969) and later supported by other researchers (for example, Jacoby, 1971a,b; Dick and Basu, 1994; Assael, 1998). Jacoby (1971) defines brand loyalty as repeat purchase, but clearly points out that this behavior is a function of psychological processes. In other words, repeat purchase is not just an arbitrary response but



Figure 1: Brand loyalty – A deterministic and stochastic perspective.
Source: Authors own.

the result of some proceeding factors (for example psychological, emotional or situational factors). Similarly, Dick and Basu (1994) point out that even a relatively important repeat purchase may not reflect true loyalty to a product but may merely result from situational conditions such as brands stocked by the retailer or a pharmacist (Figure 1).

Brand loyalty has been one of the most discussed and most misunderstood marketing concepts of recent years. First, a loyal customer and a satisfied customer are not necessarily the same thing. Customers may remain loyal for a number of reasons and may not even be happy with the product or service. A lack of customer defections does not necessarily indicate satisfied consumers. The cost of switching to an alternative supplier may be prohibitive or there may be a penalty clause. Switching supplier may be inconvenient. The alternatives may not be attractive. Second, there are many reasons why a consumer may be loyal to a product, service or brand. These can include convenience (ease of access in the

case of a retailer) or price. Genuine satisfaction with the product or service is a key reason for remaining loyal. It is not about the marketer operating a defined loyalty scheme, although this does have the potential to offer benefits in the area of improved consumer understanding and the data mining or merchandising opportunities that flow from this. Understanding the drivers for brand loyalty is the first step to understanding how to influence them and thus increase profitability.

Defining brand loyalty

Interest in loyalty in the field of marketing dates back to the works of Copeland (1923) and Churchill (1942), although the first reports in the periodical literature of study related to commitment/loyalty issues appeared nearly half a century ago in a series of articles in *Advertising Age* by Brown (1952) on the subject of brand loyalty. Brown's work was the beginning of an extensive stream of research. The early works devoted little attention to a conceptual explanation of the phenomenon referred to as brand loyalty.

This phenomenon tended to be defined operationally on a behavioral basis. These operational definitions focused on either the percentage of total purchases or repeat buying sequences.

Given the behavioral emphasis, the first research results to appear in an academic journal were based on the use of a relative frequency concept to analyze panel data for several grocery products and one drug item (Cunningham, 1956). Two other early studies utilized a repeat-purchase measure of loyalty, and obtained data from artificial situations. One study used loaves of bread (Tucker, 1964) and the other utilized bottles of beer (McConnell, 1968). In each case, the products were identical except for the identifying package marks. Kahn *et al* (1986) report that academic research on loyalty has largely focused on measurement issues and correlates of loyalty with consumer characteristics in a segmentation context (for example, Frank, 1967). Since then, the concept of loyalty has been subject to intense discussion in scientific literature and numerous empirical studies have been conducted with a view to explaining this. A huge number of articles exist today on subjects of customer loyalty and related forms of loyalty such as brand loyalty.

A reliance on behaviorally oriented operational definitions of brand loyalty still exists. The recognition that there is an attitudinal dimension to loyalty, however, appeared in the literature in the 1960s. For example, S. Cunningham (1967) utilized an attitudinal measure called *perceived* brand commitment.

Jacoby and Chestnut (1978) provide an excellent review of the loyalty concept and its operationalization in a study where they analyzed more than 300 articles on the subject. In their efforts to systematize this large number of articles, Jacoby and Chestnut identify more than 50 diverging ways of understanding loyalty, and against this

background they conclude as follows: 'it is extremely interesting to find, upon reviewing this literature that no one quite agrees on exactly what ... loyalty is'.

Day (1969) opines that brand loyalty should be evaluated on the basis of attitudinal as well as behavioral criteria. Day also emphasized that loyalty measures based on reports of purchase decisions fail to distinguish between true (or intentional) loyalty and spurious loyalty.

Jacoby (1971a,b) posits that repeat purchasing behavior is a necessary but non-sufficient condition for brand loyalty. Jacoby and Kyner (1973) stated: '... simple repeat purchasing behavior and brand loyalty are functionally different phenomena and are mediated by different underlying dynamics'. Jacoby and Kyner argued, in their conclusion, that the notion of commitment needed conceptual elaboration in order to facilitate the differentiation of different degrees of brand loyalty.

Newman and Werbel (1973) argued that a measure of brand loyalty should reflect buyer resistance to persuasion to switch brands in order to be meaningful to management. Although they did not include a concept of buyer attraction to the brand in their study, they stated that the concept is needed for managerial relevance.

While many scholars have used the terms commitment and loyalty synonymously, a distinction between the two words became more prevalent in the 1980s. Traylor (1981) suggested that commitment is an attitudinal construct. His position was that the greater the degree of brand commitment, the more likely the brand is to be the only choice in the product class. It is likely that this is what Newman and Werbel (1973) meant by the term attachment to the brand. In another article, Traylor (1983) suggested that brand commitment represents an emotional or psychological attachment to a brand within a product class, whereas brand loyalty is a behavioral phenomenon.

Although it took several years for the development of a concept of loyalty that included a notion of true preference, it was recognized early that repeat buying could result from other causes. The early writers referred to other causes of repeat buying as lethargy, inertia or habit (Cunningham, 1967). Day (1969) noted that factors such as an absence of substitutes, a long-running series of deals, or favorable shelf space could produce indications of spurious loyalty – that is, repeat buying without an attachment to the attributes of the brand.

Considerable progress towards the conceptual clarification of the differentiation of spurious from true loyalty occurred between 1982 and 1990. Without reference to the terms, Engel and Blackwell (1982) suggested that spurious loyalty is likely in situations of low involvement, whereas true loyalty is more likely under conditions of high involvement. Then, Engel *et al* (1990) identified two major categories of habitual purchasing. Repeat purchasing in one category was a manifestation of inertia, whereas in the other category it reflected brand loyalty. At this point, their assertion was that inertia results from a lack of involvement with the product category, but brand loyalty is rooted in high involvement. As suggested by others, there may be other factors that lead to spurious loyalty, but inertia is proposed as a major reason for repeat buying in the absence of brand attachment. Dick and Basu (1994), for example, suggest that spurious loyalty is conceptually similar to inertia. In a managerial sense, the essence of the distinction between spurious loyalty and true loyalty is that the two types of repeat buying would be expected to result from quite different motivations.

Although literature offers an abundance of definitions of loyalty, there seem to be two basic approaches to the customer loyalty concept (Jacoby and Kyner, 1973). These are described as the behavioral approach and the attitude-based approach.

According to the behavioral approach, customer loyalty is defined as a behavior (Cunningham, 1961; Kahn *et al*, 1986; Ehrenberg, 1988). Operational measures of this form of loyalty are: shares of purchase, purchasing frequency and so on. It is assumed in this theory that the preference structure of the consumer is reflected in the consumer's behavior. One of the strengths of this approach is that it offers a relatively objective measurement of customer loyalty. A weakness is, however, that the approach does not provide any proper explanation of the existence of loyalty, if any; loyalty is measurable, indeed, but no explanation is offered. The behavioral approach to customer loyalty corresponds to the definition of customer loyalty applied in service management literature (Hallowell, 1996).

The attitude-based approach, on the other hand, defines customer loyalty as an attitude (Copeland, 1923; Fournier and Yao, 1997). According to this approach, merely describing the actual behavior of the consumer does not suffice, but a proper analysis and description is clearly required of the underlying attitudes/preference structure of the consumer, if the loyalty concept is to have a real explanatory value and does not just – in the worst case – happen to be based on a coincidence.

Among the most fervent advocates of such an approach are Jacoby and Chestnut (1978), but also Guest (1942, 1956), Monroe and Gultinan (1975), Jarvis and Wilcox (1976), as well as Reynolds *et al* (1974) may be seen to speak in favor of this approach. Examples of operational measures of an attitudinal nature are preference, buying intention, supplier prioritization and recommendation willingness.

However, brand loyalty is not a simple unidimensional concept, but a very complex multidimensional concept. Wilkie (1994) defines brand loyalty as 'a favorable attitude towards, and consistent purchase of, a particular brand'. However, such a

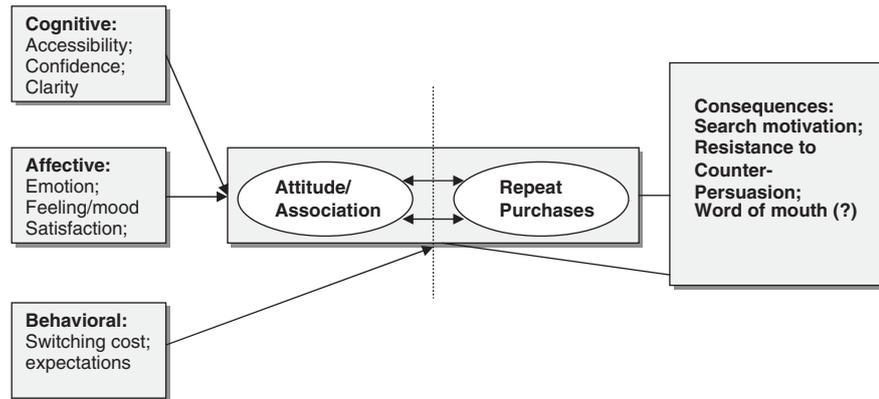


Figure 2: A conceptual framework of brand loyalty.
Source: Dick and Basu (1994).

definition is too simple to portray brand loyalty in the context of consumer behavior. The definition implies that consumers are brand loyal when both attitude and behavior are favorable. However, it does not clarify the intensity of brand loyalty, because it precludes the possibility that a consumer's attitude is unfavorable, while he/she repeats the purchases. In such case, the consumer's brand loyalty would be superficial and shallow-rooted.

Oliver (1997) has presented a conceptual framework of brand loyalty that includes the full spectrum of brand loyalty based on a hierarchy of effects model with cognitive, affective, conative (behavioral intent) and action (repeat purchase behavior) dimensions. A definition integrating this multidimensional construct has been given (Oliver, 1999) as:

a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior.

Attitudinal loyalty includes cognitive, affective and conative aspects (Oliver, 1997), and Oliver (1999) posited four phases for

a customer to become loyal. First, loyalty in the cognitive phase is based on either prior knowledge or experience-based information about a brand. Second, loyalty in the affective phase is a liking or attitude towards a brand (Figure 2).

On the basis of cumulatively satisfying usage occasions, it implies feelings towards a brand. Nevertheless, this form of loyalty remains subject to switching.

Third, conative loyalty is defined as a customer's behavioral intention to keep on purchasing a product in the future, and therefore it is harder to dislodge than affective loyalty (Oliver, 1999; Pedersen and Nysveen, 2001).

Action loyalty is the final stage among loyalty phases, in which motivated intention is transformed into readiness to act. Action loyalty is related to the behavioral approach. Oliver's view sheds light on the development of loyalty from attitude to behavior.

Behavioral intent

Behavioral intent is an intermediary between attitude and behavior (Mittal and Kamakura, 2001). It represents the intention to act in the buying decision process. Behavioral intent appears in various forms

such as a predisposition to buy a brand for the first time or a commitment to repurchase a current brand. Brand loyalty research has focused on factors related to maintaining and augmenting this repurchase commitment (Oliva and Oliver, 1992) and converting behavioral intent to an actual purchase (Kuhl and Beckmann, 1985).

Behavioral loyalty

Many studies on the topic of brand loyalty have been measured by the behavioral aspect of brand loyalty (for example, repeat purchases) without considering cognitive aspects of brand loyalty. For example, Fader and Schmittlein (1993) conducted a research investigating the advantage of high share brands in brand loyalty, suggesting that high share brands have significantly higher brand loyalty than low share brands. They measured brand loyalty only by the behavioral aspect of repeat purchase, not considering cognitive aspects of brand loyalty. Bayus (1992) also operationalized brand loyalty by a behavioral measurement of probability of purchasing the same appliance brand as the one previously owned in his study on brand switching analysis of home appliances (Figure 3).

Traditionally, behavioral loyalty has been defined in terms of repeat buying behavior. Examples of conceptual and measurement issues related to behavioral loyalty can be found in Chaudhuri and Holbrook (2001) and Dick and Basu (1994). Behavioral loyalty can be expressed in different ways. For example, customers can be loyal to brands and/or they can be loyal to stores as discussed in Corstjens and Lal (2000). The importance of satisfying a customer in order to create behavioral loyalty is discussed extensively in Schultz (2000). A satisfied customer tends to be more loyal to a brand/store over time than a customer whose purchase is caused by other reasons such as time restrictions and information deficits.

Trust and loyalty

The role of trust in building and maintaining brand loyalty has been researched extensively in both consumer and business-to-business buying situations (Cowles, 1997; Doney and Cannon, 1997; Chaudhuri and Holbrook, 2001). Trust plays a central role in augmenting both behavioral and attitudinal loyalty, which in turn influences marketing outcome-related factors like market share maintenance and price elasticity.

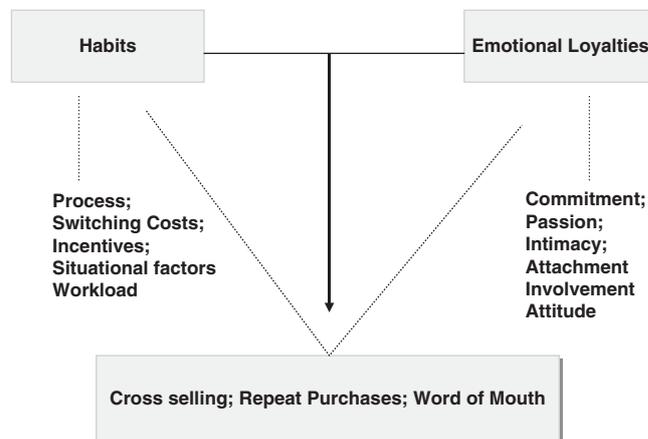


Figure 3: How to define brand loyalty? Drivers and outcome typology. Source: Authors own.

Situational loyalty

Situational loyalty can be defined as the propensity to stay loyal through a variety of purchase and consumption situations (Dubois and Laurent, 1999). Word-of-mouth, commitment and intention to purchase are commonly used indicators of loyalty in marketing literature. At a general level, loyalty is shown by different propensities towards the brand, store or service. These propensities may be expressed in behavior and attitude. This variety leaves researchers with a choice: either to treat loyalty as having a number of specific forms, or to see it as complex and use definitions that combine more than one meaning. In particular, researchers may choose between purely behavioral measures of loyalty or attitude-behavior combinations. Jacoby and Chestnut (1978) found that both simple behavior and combination measures were employed. Tucker (1964) advocated purely behavioral measures, whereas Day (1969) and others favored measures that included attitude towards the loyalty object. One definition combined six criteria (Jacoby and Olson, 1970), and covered share-of-category spending, retention, attitude to the product and decision making.

Despite these problems, recent work has continued to support definitions of loyalty

that combine behavior and evaluation. For example, Bloemer and Ruyter (1998) combined commitment and claimed probability of use (as a retention proxy), and Dick and Basu (1994) have offered an attitude-behavior typology of loyalty. They divide consumers into four segments using two levels of behavioral loyalty and two levels of attitude towards the brand (see Figure 4) and state that 'customer loyalty is viewed as the strength of the relationship between an individual's relative attitude and their repeat patronage'.

Dick and Basu (1994) think that there should also be focus on the relative attitudes rather than just the absolute attitudes because the assessment of a given product may be relatively high in an absolute sense, but if the evaluation of all rival products is also high the effect will be small as the relative attitude will be insignificant.

Hence, 'loyalty' is displayed when a consumer shows a strong relative attitude towards a supplier and when the rebuying rate per time unit is high. Both conditions must be fulfilled at the same time before it is a clear case of customer loyalty. Similarly, 'pseudo loyalty' is characterized by a high rebuying rate, but a weak attitude towards the supplier. This situation may have different causes. The consumer may consider

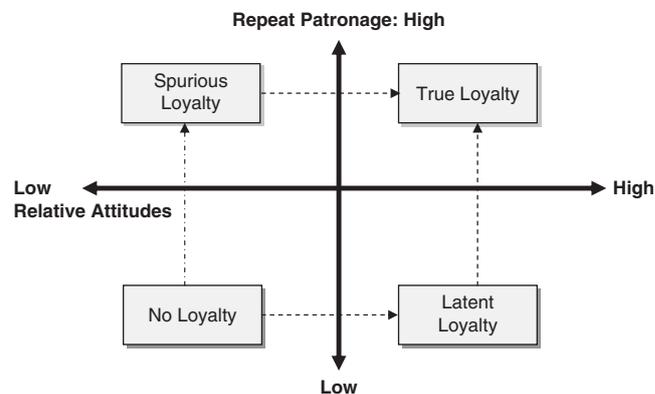


Figure 4: The brand loyalty map adapted from Dick and Basu's (1994) model of loyalty. Source: Dick and Basu (1994).



the suppliers to be identical or as good as identical, and concentrate his or her purchases on a specific supplier because the consumer habitually passes by; but in this case, the consumer does not have a strong preference for this particular supplier.

'Hidden loyalty' reflects a strong relative attitude towards the brand, combined with a small number of purchases or no purchases at all. The consumer rates the supplier high on all, or the most important of his or her criteria of choice. This would have been the consumer's preferred supplier, but the consumer's situation is such that a purchase from this supplier is not possible, whether for reasons of scarcity of resources or time, or for financial or mental reasons. There may also be other obstacles preventing the consumer from realizing his or her wishes of buying regularly from this supplier. The 'latent loyal' customer is of interest to the vendor. They have a strong attitude towards the company, and the essential thing for the vendor with this type of customer is to focus on dismantling or reducing the barriers that prevent the customer from moving from the latent stage to the loyalty stage. The last degree of loyalty, with which Dick and Basu operate, is that of a lack of loyalty ('no loyalty') towards a supplier, when there is only a weak relative attitude and only low calling frequency.

The practical value of a typology such as Dick and Basu's depends on whether the customers in the segments differ with regard to other loyalty behaviors. Dick and Basu's approach implies that, normally, the most loyal behavior will be observed in the 'True loyalty' segment and the least loyal behavior in the 'No loyalty' segment. If the customers in the cells are not differentiated in this way on related variables, we may question the value of the typology.

Several things are clear from the above discussion on brand loyalty. The first thing is that brand loyalty consists of at least two dimensions viz. behavioral and attitudinal

apart from other dimensions like situation and propensity to be loyal, which are unique to an individual. The different types or categories of brand loyalty exhibited can be visualized in the form of a brand loyalty map.

Categorizing loyalty types

No loyalty: Consumers falling in this category have a low attitude towards a particular product and willingly or unwillingly they try to avoid the product purchase.

Spurious loyalty: is very similar to the concept of inertia; where despite perceptions that choices are relatively undifferentiated behavioral data suggest loyalty. In such cases, repeat purchase may be based on the availability of deals, special offers, convenience or the influence of other people. As a result, consumer may only temporarily display such loyalty, and is likely to be very open to competing offers. That is, if another product comes along that is for some reason easier to buy (for example, it is cheaper or the original product is out of stock), the consumer will not hesitate to do so.

Sometimes the loyalty is *circumstantial*: repeat buying comes from lack of reasonable alternatives, for example monopoly. Circumstantial loyalty includes what are called propriety assets such as patents, copyrights and trademarks that give a firm at least a temporary monopoly position (the impact of generic drugs when an ethical drug comes off patent suggests that much of the advantage is circumstantial and hence temporary).

In other situations, loyalty reflects an *efficiency* motive: the brand is good, and thus we automatically select it to minimize effort. An important efficiency case of loyalty occurs when a customer relies on an 'expert' such as a dealer or shopkeeper to make a choice for him or her. This usually occurs in a situation when the product is

infrequently bought and is inexpensive, and the customer does not want to spend time searching for information about the various alternatives. Another good example would be that of a patient diligently buying the specific brand prescribed by the doctor. In this case, the loyalty is really channel-created loyalty.

Latent loyalty: occurs when a consumer has a high relative attitude towards the company or brand, but this is not evident in terms of their purchase behavior. This is probably as a result of situational influences – including inconvenient store locations, out-of-stock situations, and/or the influence of other people.

Sustainable loyalty: exists when the customer exhibits high repeat purchase, and does so because they have a strong preference (high relative attitude) manifested in repeat buying, word-of-mouth it engenders among its customers. Sustainable loyalty is therefore achieved when the company has developed and communicated a proposition that clearly has long-term benefits for the customer, and where the customer modifies his or her behavior to remain loyal over time. Thus, sustainable loyalty occurs where repeat patronage is accompanied by a favorable attitude that is, where purchase is a result of a conscious decision by the consumer. As such, this is clearly the most preferred of the four categories, and may be what we intuitively mean by loyalty.

This strong form of loyalty is due to *attachment*. In this case, the customer doggedly seeks out the product, often out of deference to its role in a previous situation (for example, ‘they were there when I needed them’) and sometimes in an almost ritualistic manner (for example, stopping at a certain Café as a rite of the summer). This level of loyalty insulates a brand from competitive pressures such as advertising and price promotions, and leads to high margins and profits.

DISCUSSION

The model has been designed from a Euro-Mediterranean viewpoint. The Euro-Mediterranean perspective is distinctly different from the offering than in the rest of the world. Superior Quality in terms of brand conformance and brand performance leading to product excellence is considered as a major dimension of luxury for the Euro-Mediterranean region. Classic designs and superior craftsmanship are a part of the tangible features of luxury brands available in the region. Luxury brands also command style. Luxury brands are priced at a premium, and are available at exclusive locations throughout the Euro-Mediterranean region. They are not mass marketed. The media selection for luxury brands are up-market in nature.

The consumers in the Euro-Mediterranean region are suave, refined, rich and enjoy hedonic pleasure. Luxury usage also connotes conspicuous consumption. Luxury users want to be noteworthy, and expect to be different from masses.

A Euro-Mediterranean brand has a certain dream value. A customer might acquire a brand to elevate himself to his aspirational group. The dream value of luxury also provides the customer with the ownership of a rare and elegant brand, which translates into the escalation of his own status. The appeal of brand is generally emotional in nature, as the customer finds his/her own extended self in the brand. A brand is preferred more for the emotional factor than for the functional utility.

The model also includes the brand classification on the basis of prestige as a factor. The concept of Euro-Mediterranean view may be different for different classes. On the basis of the prestige factor, extremely high priced and exclusive brands are considered as luxury brands in the Euro-Mediterranean region. Brands that are comparably high priced but are produced for the masses are called up-market (fashion) brands. Such

brands that can be placed between these two extremes of the continuum can be called premium brands.

The model can be developed to one that can be used for building, measuring and maintaining brand loyalty in the Euro-Mediterranean region. Brand loyalty in the Euro-Mediterranean region is synonymous with superior quality, rarity, exclusivity, conspicuous consumption, premium pricing and prestige.

Although the importance of brand loyalty has been recognized in marketing literature for at least three decades, the empirical validation of a loyalty model in a Euro-Mediterranean context has not been addressed. Euro-Mediterranean success, especially in the business-to-consumer area, may be determined partly by whether consumers show loyalty to a particular vendor. With the rapid growth and proliferation of different brands and services in the Euro-Mediterranean region, it is thus important to know what factors influence a customer's attitudinal commitment and repeat purchase intentions.

From the above discussion, it is clear that even if the operationalization of the attitudinal component of loyalty meets various goals, it now seems clear that the entire brand loyalty phenomenon cannot be appraised if the traditional definition of loyalty is not extended over the behavioral area to include an attitudinal dimension. In their attempt to model customer loyalty, Dick and Basu (1994) noted that both a strong positively valenced attitude and repeat patronage are required for loyalty. Hence, a consumer is viewed as really loyal when either their relative attitude towards the brand is highly favorable or the latter is clearly differentiated from other competitors as well, as they consistently purchased the same brand. This definition of the attitudinal bond to the brand joins the pattern proposed in researches to describe the notion of brand commitment (Baldinger and Rubinson, 1996; Samuelsen

and Sandvick, 1997). Those considered as highly loyal consumers of a particular brand are only those who purchase it repeatedly and are strongly committed to it.

CONCLUSION

From this research, we could present some contribution and managerial implication, as well as its limitation and suggestion for future research.

Thus, the main purpose of this study is to develop a conceptual model of customer loyalty for the Euro-Mediterranean commerce context from rational and non-rational perspectives. On the basis of the model, consumer and service marketers should be able to justify expenditures that promote increased customer loyalty with a Euro-Mediterranean perspective.

Bloemer and Kasper highlighted the theoretical and managerial implications of using this attitudinal bond to the brand to distinguish between spurious loyalty (or inertia) and true loyalty (see Figure 4). This differentiation makes it essential for the producer or retailer to know whether the consistent purchasing behavior may be pursued further (true loyalty) or may be stopped when a change in the four Ps or the selling conditions occurs (inertia).

Moreover, East noted that consistent purchases will be made on the basis of habits or routines that are formed to enable the consumer to cope more effectively with time pressures and search efforts. Inertia repeat purchasing of a brand appears then to be a habitual behavior to reduce both mental (attributes comparison) and physical search efforts (store attendance). This spurious loyalty occurs when several brands are approximately equal, and induces some buying habits that indeed remain unstable because they require no change in the selling conditions. Consequently, consumer loyalty may readily break down when there is a change in the habitual supply conditions, encouraging brand switching.

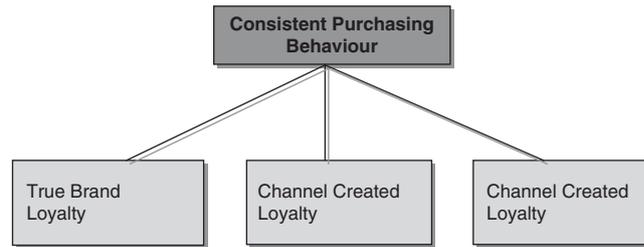


Figure 5: Differentiation of consistent purchasing behaviour.
Source: Authors own.

As shown in Figure 5, habitual behaviors may take a form other than inertia repeat purchasing: true brand loyalty. The difference is that the former repeat purchasing behavior depends on the decision process followed in the initial purchase. True brand loyalty mostly exists in highly involving conditions, and tends to explain the behavioral relationships between the consumer and the brand through the attitudinal dimension of loyalty (or commitment).

Hence, consistent with numerous researchers who were inspired by the original work of Jacoby and Kyner, it can be argued that true brand loyalty is ‘an effective buying behavior of a particular brand and not only an intention to buy it, repeatedly over time and reinforced with a strong commitment to that brand’.

This study provides numerous propositions for marketing practice for the Euro-Mediterranean region, which could be derived from the proposed model. The most important implication of the model is its focus on the importance of trust for developing brand loyalty in the Euro-Mediterranean region; which helps in customer retention that ultimately leads to long-term benefit of the firm. This article discusses the strategies for developing trust, which is very beneficial to the marketing professionals. The article also stresses on the importance of credibility of the organization in determining trust and thus brand loyalty.

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