



## Creating Ultimate Customer Loyalty Through Loyalty Conviction and Customer-Company Identification

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### Abstract

Why do customers' attitudinal loyalty fail to predict their behavior? More importantly, what creates such latent loyalty? We attempt to answer these questions by examining the antecedents and outcomes of loyalty conviction, which represents the inherent strength/uncertainty in a customer's attitudinal loyalty. For deep attitudinal loyalty (i.e., conative loyalty), the findings suggest that customer satisfaction creates loyalty held without conviction. In contrast, customer-company identification creates loyalty held with conviction. Importantly, attitudinal loyalty without conviction loses its ability to predict behavior when situational and competitive barriers are present whereas loyalty with conviction maintains a predictive relationship with behavior despite the same barriers.

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*"The sobering reality is that 'tried and true' strategies for customer acquisition, loyalty and retention are struggling to keep pace with consumers who are perpetually in motion, more technologically savvy than ever and increasingly unpredictable." Robert Wallon, Global Managing Director, Accenture Sales and Service (Smith 2012)*

### Introduction

Customer loyalty is a cornerstone of many well-known marketing models such as the service-profit chain (Anderson and Mittal 2000), customer equity (Rust, Zeithaml, and Lemon 2000), service recovery (Orsingher, Valentini, and de Angelis 2010), and brand equity (Yoo and Donthu 2001). In fact, reviewing research in the *Journal of Retailing* alone reveals that nearly 40 articles have been published on loyalty in the last decade. Yet, as the epigraph exemplifies, customer loyalty is on the decline

despite the attention of marketers and prevalence of loyalty programs. Some have blamed the most recent recession while others blame smartphones (Krasny 2011). Even if this blame is well placed, two questions remain: (1) what kind of loyalty is so easily disrupted and (2) what creates such loyalty?

An answer to the first question is latent loyalty, understood as when a customer's psychological (also referred to as attitudinal) loyalty does not translate into loyalty behaviors (Dick and Basu 1994; Ngobo 2017). Latent loyalty is a recognized problem in customer retention strategies. For example, Reichheld (2003) notes that many defecting customers are in fact satisfied. Moving beyond satisfaction, Gupta and Zeithaml's (2006) review of customer metrics suggests customer loyalty intentions often do not predict actual behavior. Importantly, latent loyalty is "a serious concern to marketers" (Dick and Basu 1994, p. 102) because creating an even more favorable attitude may be very "expensive and unlikely to ensure loyalty behaviors." Thus, a potentially rewarding endeavor is to understand what leads to latent loyalty or, conversely, what creates true loyalty, where attitudes translate into behavior even in the presence of situational, competitive, and financial barriers (Bove and Johnson 2009; Ngobo 2017).

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The objective of the current research is to develop and test a framework that predicts the creation of true versus latent loyalty. This objective is accomplished by conceptualizing attitudinal loyalty as a construct held with different levels of conviction (i.e., strength). Consistent with literature suggesting that the conviction of an evaluation attenuates the effect of that evaluation on behavioral outcomes (Chandrashekaran, Rotte, and Grewal 2005), we find that attitudinal loyalty with and without conviction acts as a form of true and latent loyalty. As such, a deeper understanding of loyalty can be obtained by examining what creates loyalty with or without conviction.

To understand how latent and true loyalty are created, two customer-based constructs are examined for their effect on loyalty conviction, satisfaction and customer-company identification (CCI, i.e., “a psychological sense of oneness with an organization”, Bhattacharya and Sen 2003, p. 77). While attitudinal loyalty has a rich array of antecedents (Toufaily, Ricard, and Perrien 2013; Watson et al. 2015), scholars deem satisfaction and CCI as “two of the most important relationship constructs” (Haumann et al. 2014, p. 95). In addition, a growing number of scholars’ voice concern with considering customer satisfaction as the sole or primary determinant of loyalty (Agustin and Singh 2005; Garbarino and Johnson 1999). In agreement with this concern, the scant research comparing satisfaction and CCI reveal that the positive effects of satisfaction dissipate sooner than those of CCI (Haumann et al. 2014; Huang and Cheng 2016). Importantly, in our investigation we control for trust, a key driver of attitudinal loyalty (Agustin and Singh 2005; Watson et al. 2015), and after doing so, we continue to find effects of satisfaction and CCI on the magnitude and conviction of customers’ attitudinal loyalty.

The current research suggests that though satisfaction is sufficient for creating cognitive loyalty with conviction, it is insufficient for creating conative loyalty with conviction, which is the best predictor of continuous behavior in the presence of barriers-to-purchase. In contrast, CCI fosters conative loyalty with conviction. Thus, as shown in Fig. 1, companies attempting to create “ultimate” loyalty, in which customers pursue a company “against all odds and at all costs”, must not only satisfy customers but also engender CCI (Oliver 1999, p. 35).

## Conceptual Development

### Defining Customer Satisfaction, CCI, Customer Loyalty, and Conviction

#### Customer Satisfaction

The type of satisfaction currently considered is cumulative satisfaction (Oliver 2009), which we formally define as a customer’s “stored evaluation of his or her purchase and consumption experience to date with a product or service provider” (Olsen and Johnson 2003, p. 187). This form of satisfaction, also referred to as global or summary satisfaction, is not the same as transaction-specific satisfaction, which represents a pleasurable fulfillment response to a specific consumption experience. Instead, cumulative satisfaction represents a customer’s perception of the accumulated “samplings of the same [consumption]

experience” (Oliver 2009, p. 10). We focus on cumulative satisfaction because loyalty is a cumulative evaluation across a customer’s transaction history with an organization. Thus, attitudinal loyalty and cumulative satisfaction are at the same level of abstraction (Olsen and Johnson 2003).

#### Customer-Company Identification

Customer-company identification derives from research on the psychology of group formation (Bhattacharya and Sen 2003; Lam 2012). The underlying theory, the social identity perspective, suggests people identify with a group to increase their self-esteem and reduce social uncertainty by allowing that group to become self-defining (Hornsey 2008). Identification in a customer-context exists when a customer recognizes that a company represents one or many parts of their own identity and can be used to satisfy self-motives (e.g., self-expression). Though some research conceptualizes identity as having multiple dimensions, varied definitions and measures are used resulting in no clear consensus as to which is more appropriate (Lam 2012). Thus, the current research primarily focuses on identity’s role as a cognitive construct (although this view is expanded in Study 2). Following this approach, which is common in CCI research, identification is defined as the extent to which a customer perceives overlap between his or her identity and an organization’s identity (Bhattacharya and Sen 2003; Brown et al. 2005; Einwiller et al. 2006; Netemeyer, Heilman, and Maxham 2012).

#### Customer Loyalty

Customer loyalty comprises attitude and behavior components (Dick and Basu 1994; Oliver 1999). As a behavior, loyalty refers to ongoing behavioral actions towards the object of interest. Loyalty as attitude represents a predisposition to engage in behaviors based on favorable evaluations of the loyalty object (Oliver 1999). The attitude component transitions through a series of cognitive and affective states ending in a conative state as a “deeply held commitment to rebuy or repatronize a preferred product/service consistently” (Han, Kwortnik, and Wang 2008; Oliver 1999, p. 34). We primarily focus on this last state because it is what companies desire when loyalty is a marketing goal. For a more complete picture, though, we also examine cognitive loyalty in Study 2, which is of a “shallow nature” based on “attribute performance” and the preference of a brand or company “to its alternatives” (Oliver 1999, p. 35). Interestingly, even conative loyalty, which is akin to a “good intention”, does not necessarily mean situational influences and marketing efforts that cause switching behavior are resisted (Oliver 1999, p. 35). Thus, if sufficient barriers to purchase are present, a customer’s behavior is seemingly unpredictable no matter the type of attitudinal loyalty.

#### Conviction in Attitudinal Loyalty

A reason why many customer judgments do not translate into behavior is because the judgment is weakly held (Bassili 2008; Chandrashekaran, Rotte, and Grewal 2005). In other words, judgments can be held at different levels of strength or con-

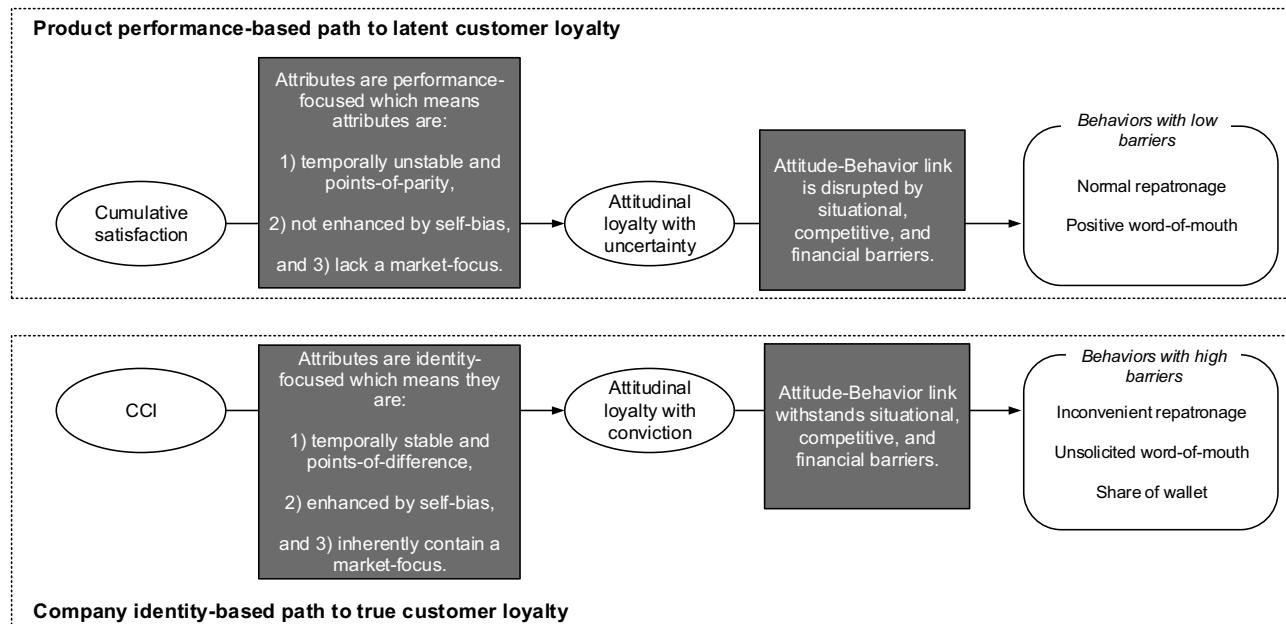


Fig. 1. Conceptual model.

Notes: Grey boxes represent theorized processes not directly measured.

viction which are typically unobserved. According to research on covert strength in customer judgments, which is based on the concept of probabilistic functionalism, the thoughts of an individual (e.g., attitudinal loyalty) are pulled from a probability distribution of possible outcomes (Brunswik 1943; Klir and Folger 1988). When an individual holds and states an evaluation, the observed evaluation is but one from a range of possible evaluations that could be elicited. This range is a result of the certainty or strength with which an evaluation is held, such that the range of possible evaluations narrows with increases in certainty (Prislin 1996). Put differently, evaluations such as attitudinal loyalty are sometimes seemingly random because the evaluation lacks conviction. If a customer feels loyal when taking a survey but this evaluation is held weakly, then the observed loyalty will be highly influenced by contextual effects, may be stated differently on another day, and is unlikely to be stable over time (Lavine et al. 1998).

The strength with which an evaluation is held is based on an individual's ability to properly distinguish and interpret disparate environmental cues (Chandrashekaran, Rotte, and Grewal 2005). Within the current context, a customer's attitudinal loyalty could be based on a single cue or a small subset of cues that reflect an insufficient understanding of the market. For instance, loyalty might be based on a company's current product offering, rather than a more complete view of the market which includes competitors and a company's long-term ability to satisfy consumption needs. The more loyalty is based on such deficient information that fails to consider the entirety of consumption, the less one's loyalty will be held with conviction and the more it loses its ability to predict outcomes. Stated another way, some customers' loyalty does not take into account competitors' future products, marketing communications, or price discounts. The stated loyalty, given that it is based on such little information, may be overly influenced by the customer's mood. In contrast,

some customers maintain loyalty based on a wider and more complete view of the market and specific customer needs. This results in loyalty that is well-formed, more consistently stated, and less likely to change. From this viewpoint, attitudinal loyalty should be considered two-dimensional, comprising a magnitude component, which represents the observed evaluation, and a conviction component, which represents the certainty (or uncertainty) with which the magnitude is held. Hereafter, we refer to the magnitude of attitudinal loyalty as simply 'magnitude' and the conviction of attitudinal loyalty as simply 'conviction'.

#### *The Effect of Conviction on the Attitudinal-Behavioral Loyalty Linkage*

Research suggests that judgments are poor predictors of future behaviors unless the judgments are held with conviction (Ajzen and Cole 2008; Bassili 2008). One reason is that conviction-laden judgments are more accessible and therefore more likely to influence how a customer perceives information (Fazio 1995). This accessibility makes customers less susceptible to counter-arguments (e.g., marketing from competitors) and more likely to use attitudinal loyalty during spontaneous decision making (e.g., spur-of-the-moment shopping trips). Furthermore, judgments without conviction are susceptible and reliant on environmental triggers which occur when a customer encounters "an attitudinally relevant behavioral opportunity" (Fazio 1995, p. 272). Stated differently, without conviction, customers' attitudinal loyalty will manifest in behavior only when opportunities arise such as when they are near a preferred brand. If such opportunities do not arise, then the behavior is unobserved and the attitude-behavior link disappears. Given this predilection of judgments without conviction, customers with low conviction are less likely to display loyalty behaviors in the presence of situational (e.g., inconvenience), competi-

tive (e.g., competitor promotions), or financial (e.g., reduced income) barriers, as depicted in the right side of Fig. 1. From the opposite perspective, a customer with high magnitude and conviction is more likely to exhibit loyalty behaviors when confronted with similar barriers because such attitudes are highly accessible, resistant to counter-persuasion, and not dependent on environmental triggers. As such, the following is proposed:

**H1.** In the presence of barriers (i.e., situational, competitive, or financial), the effect of loyalty magnitude on behaviors weakens as loyalty conviction decreases.

### Paths to Latent and True Customer Loyalty

Conviction in judgments is most likely to occur when attitudes are based on complete and precise information (Chandrashekaran et al. 2007). Attitudinal loyalty reflects a judgment that mixes general attitude and future consumption intentions (Dick and Basu 1994). Thus, satisfaction and CCI create conviction to the extent that each provides complete, accurate, and useful information about future consumption-based need fulfillment. Both constructs are linked to customer loyalty, increased customer spending, and positive word-of-mouth (Brown et al. 2005; Homburg, Wieseke, and Hoyer 2009; Netemeyer, Maxham, and Lichtenstein 2010; Netemeyer, Heilman, and Maxham 2012). However, satisfaction and CCI also represent unique paths to loyalty because satisfaction is a comparison between product performance and expectations whereas CCI is a comparison between company and customer identities (Haumann et al. 2014; Homburg, Wieseke, and Hoyer 2009). We now further elaborate how this difference affects information for future need fulfillment, and thereby loyalty conviction, for each construct.

### Temporal Perspective and Differentiation

Satisfaction requires experience with a product or service which makes it inherently “backward-looking”, meaning it does not take into account potential future changes (Haumann et al. 2014, p. 82). Being separate from performance experiences is an important distinction because competitors often copy the functional attributes of each other and product attributes often change due to this competition (Zeithaml 1988). For example, restaurants change their menus and retailers rearrange their store layouts and product assortments. Thus, differentiation due to performance decreases over time (i.e., become points-of-parity) and provides increasingly less useful information for future need fulfillment. In contrast, CCI is based on evaluating a company’s identity which means “real performance experiences are less important” (Haumann et al. 2014, p. 82). Distinctive and enduring symbolic attributes are the defining aspect of an organizational identity (Albert and Whetten 1985; Bhattacharya and Sen 2003). Changing a well-defined organizational identity is a long and costly process that involves changing the perception of both internal (e.g., employees) and external (e.g., customers) audiences (Gioia, Schultz, and Corley 2000). Thus, need fulfillment based on CCI (e.g., self-expression) is more temporally stable and differentiating than that related to satisfaction (e.g.,

value maximization). Stated differently, CCI creates true loyalty because customers can be confident a company’s identity will not change nor become co-opted by a competitor whereas satisfaction provides no such assurance.

### Self-Referentiality and Self-Bias

For customers, CCI is inherently self-referential because it represents the linkage between company and customer identities (Haumann et al. 2014). Such self-connections to a company are the natural foundation for holding a loyalty evaluation with conviction due to the importance of the company in one’s self-definition (Moore and Homer 2008). Furthermore, people who identify with an organization exhibit bias in favor of the organization as a means to protect their own identity (Einwiller et al. 2006). Such bias manifests as a willingness to overlook negative information or to deem the most positive attributes of an organization as the most important (Ashforth, Harrison, and Corley 2008; Bhattacharya and Sen 2003). In fact, this biasing effect from identification of selective perception and reasoning, termed social creativity, is self-perpetuating and particularly robust in diminishing the allure of objectively superior competing products (Lam et al. 2010). In contrast, satisfaction has no known self-referentiality or biasing effect. Thus, CCI fosters conviction because customers are biased to create and hold a complete and favorable image of the organization and its products.

### Market Focus Through Comparison with Competitors

The underlying theory of CCI, social identity perspective, was formulated in understanding group formation and inter-group behavior (Tajfel and Turner 1979). Inherent in the theory is that groups (e.g., companies) become self-defining partly through a focus on the composition of the group (i.e., in-group) and those not in the group (i.e., out-group). Identifying with a company as a volitional act, then, is partly done in consideration of competitors’ identities such that identifying with a company, in some ways, precludes identifying strongly with a competitor (Moore and Homer 2008). For example, for a customer to say they are a Coca-Cola “type of person” is to inherently say s/he is not a Pepsi “type of person”. In contrast, satisfaction focuses solely on a company and its product performance. To say one is satisfied with a company does not mean that one is dissatisfied with competitors which is why comparative satisfaction evaluations predict behavior better than noncomparative evaluations (Ngobo 2017; Olsen 2002). In fact, because satisfaction derives from comparing expectations and performance, customers can be satisfied with vastly different levels of performance given such performance is expected (Oliver 2009). Thus, CCI facilitates conviction because the self-definition process inherently takes competitors into account resulting in a broader view of the market. Satisfaction, in contrast, primarily focuses on a target company’s product performance.

In summary, CCI assures future need fulfillment because it is identity-focused, temporally stable, enhanced by self-bias, and considers competitors. This surety of need fulfillment means CCI-created loyalty, rather than satisfaction-created loyalty, is robust against emerging consumption barriers. Thus, the following is expected:

**H2.** Satisfaction predicts loyalty held without conviction.

**H3.** CCI predicts loyalty held with conviction.

## Study 1

### Study 1 Design

We designed Study 1 as an initial test of the hypotheses. A two-wave methodology similar to that utilized by Brown et al. (2005) was used to measure attitudinal loyalty and behaviors separately and sequentially. Previous research suggests antecedents exhibit stronger effects when measured simultaneously with loyalty outcomes (de Matos and Rossi 2008). The two-wave methodology helps alleviate the concern that a single measurement artificially inflated the relationship between conviction and behavior. Participants were selected from a consumer panel maintained at a large public university and incentivized by the chance to win gift cards. One month later participants were contacted again and re-incentivized using the same technique. All attitudinal measures were collected in the first wave while the behavior measures were collected in the second wave.

Respondents were shown a list of six service categories and asked to choose one utilized within the previous month. The categories were restaurants, fast food, coffee shops, movie rentals, department stores, and gas stations (analyses indicated that the grouping structure of the data attributed to different industries had no significant influence on the dependent variables). Respondents were then asked to provide the name of the company patronized, which was then dynamically inserted into the survey questions.

### Study 1 Measures

Measures for the constructs were adapted from previous research (see Table 1). Satisfaction was measured using three items that represent a satisfaction anchor item, a disconfirmation/performance item, and a success attribution item. CCI was measured with a visual scale of sequentially overlapping Venn diagrams. Though this single item has often been used alone to measure identification (Brown et al. 2005), three additional items were included to avoid using a single item indicator of a key construct. A scale for commitment from Brown et al. (2005) was utilized to capture conative attitudinal loyalty as a “deeply held commitment” (Oliver 1999, p. 34).

Two forms of loyalty behaviors were assessed to capture the role of situational barriers. General repatronage and recommendation behaviors represent loyalty behaviors with low barriers as each requires minimal effort and can be performed as a matter of convenience (Homburg, Wieske, and Hoyer 2009). Patronizing when it is inconvenient to do so and spreading unsolicited word-of-mouth were used to represent loyalty behaviors with high barriers because they cost a customer additional time and social capital (Bansal and Voyer 2000). As used by Brown et al. (2005), bipolar scales with the anchors “Not at all” and “Frequently” were utilized for the behavior measures to alleviate

recall concerns that arise from forcing respondents to provide exact numbers.

A number of controls were also measured. Trust, which represents the confidence a customer has in the reliability and integrity of an organization (Morgan and Hunt 1994), was measured since it has been found to mediate the effect of customer satisfaction on loyalty (Agustin and Singh 2005) or to impact loyalty directly (Garbarino and Johnson 1999; Raimondo, Miceli, and Costabile 2008). We included the length of a customer’s relationship with a company, as prior research suggests evaluations become more stable over time (Bolton 1998; Homburg, Wieske, and Hoyer 2009). Previous research also documents that the age and gender of respondents can influence loyalty formation (Evanschitzky and Wunderlich 2006), therefore we measured these demographic characteristics as well. The perceived intensity of the competitive environment was measured and controlled because satisfaction is known to have a different effect on loyalty depending on the competitive structure of an industry (Jones and Sasser 1995). Finally, we controlled for income as it affects the extent to which one can afford to engage in loyalty behaviors.

### JUMP Model

#### Model Specification

Because conviction is conceptualized as an unstated aspect of an explicitly stated attitudinal loyalty evaluation, the Judgment Uncertainty and Magnitude Parameters (JUMP) model is an appropriate method to extract conviction from the attitudinal loyalty observation. The underlying theory of the JUMP model, as explained by Chandrashekaran, Rotte, and Grewal (2005) and exemplified by Chandrashekaran et al. (2007), is that covert judgments such as uncertainty/conviction are manifest in the variance of an overt response. The JUMP model extracts uncertainty from observations of overt responses through the incorporation of predictors of the overt and covert response. The variance of the model error that results from predictors of the overt response contains the covert response along with measurement and model misspecification error. Thus, the covert response can be extracted by using theoretically specified predictors of the covert response and modeling these predictors on the model error variance that results from predictors of the overt response. Notably, the use of the JUMP model is superior to the use of typical attitude strength measures (Krosnick et al. 1993) that suffer from response biases and customers’ inability to assess their own certainty (Chandrashekaran, Rotte and Grewal 2005). For a complete explanation including assumptions and proofs, refer to Chandrashekaran, Rotte and Grewal (2005).

The translation of the JUMP model into the current study to account for the hypothesized effects and the control variables requires the following equations:

$$\begin{aligned} \text{LOY}_i = & \beta_0 + \beta_1 \text{SAT}_i + \beta_2 \text{CCI}_i + \beta_3 \text{TRUST}_i \\ & + \beta_4 \text{COMP}_i + \beta_5 \text{LENGTH}_i + \beta_6 \text{AGE}_i \\ & + \beta_7 \text{GENDER}_i + \varepsilon_i, \end{aligned} \quad (1)$$

Table 1

Key construct conceptualizations and operationalizations.

Construct	Operationalization	S1	S2
Conative loyalty <i>A deeply held commitment to buy a particular brand.</i>	<p><i>Source:</i> Brown et al. (2005)</p> <p>1. The relationship that I have with _____ is something I am very committed to.      2. I really care about my ongoing relationship with _____.      3. I consider my relationship with _____ something worth keeping.</p>	✓	✓
Cognitive loyalty <i>The belief that one brand is preferable over others, and it is considered shallow in nature.</i>	<p><i>Preference-based, source:</i> Watson et al. (2015)</p> <p>1. I consider myself loyal to _____.      2. I prefer _____ over any of the alternatives.      3. _____ is the superior choice.</p> <p><i>Performance-based, source:</i> Evanschitzky and Wunderlich (2006)</p> <p>Please mark next to the adjective that best describes _____.</p> <p>Low quality: High quality      Poor: Excellent      Inferior: Superior</p>	✓	✓
Magnitude of attitudinal loyalty (also referred to as simply “magnitude”) <i>The observed conative or cognitive loyalty evaluation</i>	Measured using the above scales	✓	✓
Conviction of attitudinal loyalty (also referred to has simply “conviction”) <i>The unobserved strength with which the magnitude is held by a customer.</i>	Extracted from the measured conative and cognitive loyalty using the JUMP model	✓	✓
Loyalty behaviors with low barriers-to-purchase	<p>(Anchored by “Not at all” and “Frequently”)</p> <p>1. In the last __ month(s), please estimate how often you have frequented _____.</p> <p>2. In the last __ month(s), please estimate how often you have recommended _____.</p> <p>3. Over the last weekend, did you eat at _____? (Yes or no)</p>	✓	✓
Loyalty behaviors with high barriers-to-purchase	<p>(Anchored by “Not at all” and “Frequently”)</p> <p>1. In the last __ month(s), please estimate how often you have frequented _____ when it was inconvenient to do so.</p> <p>2. In the last __ month(s), please estimate how often you have told someone about _____ without their asking.</p> <p>3. Calculated by subtracting the amount a respondent spent at their chosen pizza restaurant from the amount the respondent noted on spending going out to eat over the last weekend. (Share of Wallet)</p>	✓	✓
Customer-company identification <i>The extent to which a customer perceives overlap between their identity and an organization's identity.</i>	<p><i>Cognitive, sources:</i> Einwiller et al. (2006), Bergami and Bagozzi (2000)</p> <p>1. In the illustration to the right (See Bergami and Bagozzi 2000), imagine that one of the circles at the left in each row represents your own self-identification or identity and the other circle at the right represents _____'s identity. Please indicate which case (A, B, C, D, E, F, G, or H) best describes the level of overlap between your own and _____'s identities.</p> <p>2. My self-identity is based in part on my being a customer of _____.</p> <p>3. My sense of self overlaps with the identity of _____.</p> <p>4. In general, being a customer of _____ has a lot to do with who I am.</p> <p><i>Affective, source:</i> Wolter and Cronin (2016)</p> <p>1. The things that _____ stands for makes me feel good to be connected with it.</p> <p>2. Generally, being associated with _____ gives me a sense of pride.</p> <p>3. Overall, I feel good when people associate me with _____.</p> <p>4. I am proud to be a customer of _____.</p>	✓	✓
Satisfaction <i>A customer's stored evaluation of his or her purchase and consumption experience to date with a product or service provider.</i>	<p><i>Cognitive, source:</i> Oliver (1999)</p> <p>1. My decisions to shop at/use _____ were the correct decisions.</p> <p>2. The performance of _____ meets my expectations.</p> <p>3. Overall, how would you rate your experience with _____?</p> <p><i>Affective, source:</i> Homburg, Koschate, and Hoyer (2006)</p> <p>Please mark the extent _____ makes you feel the following:</p> <p>1. Happiness      2. Delight      3. Joy</p>	✓	✓

Table 1 (Continued)

Construct	Operationalization	S1	S2
Competitive intensity <i>A customer's perceived amount of competition within a given industry.</i>	<i>Source: Glynn et al. (2003)</i> 1. Competing organizations can easily match the service _____ offers. 2. _____ faces a great deal of direct competition for the service they offer.	✓	
Relationship length <i>The length of time a customer has held a relationship with a company.</i>	<i>(The verb "shopped", "used", or "frequented" was inserted into the question depending on the type of service examined)</i> 1. Please estimate how long you have shopped at/used/frequented _____.	✓	✓
Trust <i>The confidence a customer has in the reliability and integrity of an organization</i>	<i>Source: Morgan and Hunt (1994)</i> 1. _____ can be trusted at all times. 2. _____ is very dependable.	✓	
Habitual commitment <i>A customer's faithfulness to a store that results from routine behavior.</i>	<i>Source: Keiningham et al. (2015)</i> 1. I prefer _____ just out of habit. 2. I use _____ primarily because that is what I've been doing for a while.		✓
Patronage frequency <i>The number of times a customer purchases from an organization during a specified time interval.</i>	1. How many times per month on average do you go to _____?		✓

S1 = Study 1, S2 = Study 2. All measures were anchored by "Strongly disagree" and "Strongly agree", had "Neither agree nor disagree" as a neutral point, and were measured on a nine-point scale unless otherwise noted. The third item for cognitive satisfaction was anchored by "Very dissatisfied" and "Very satisfied". Items for affective satisfaction were anchored by "Not at all" and "A great deal". One month was used as the timeframe for loyalty behaviors in Study 1. The last weekend was used as the timeframe for Study 2.

$$\text{var}(\varepsilon_i) = \sigma^2 + LU_i + \kappa_i, \text{ and} \quad (2)$$

$$LU_i = \gamma_1 \text{SAT}_i + \gamma_2 \text{CCI}_i + \gamma_3 \text{TRUST}_i + \gamma_4 \text{COMP}_i + \gamma_5 \text{LENGTH}_i + \gamma_6 \text{AGE}_i + \gamma_7 \text{GENDER}_i \quad (3)$$

$$LC_i = LU_i (-1) \quad (4)$$

where, LOY represents the magnitude of the  $i$ th customer's attitudinal loyalty as represented by the central tendency of the loyalty items.  $\text{var}(\varepsilon_i)$  is the squared residual term from Eq. (1) which is an estimate of the individual-level variance of LOY. LU represents the uncertainty of the loyalty evaluation that is manifest in the individual-level variance. Importantly, uncertainty is the opposite of conviction and therefore can be reversed to represent conviction (as represented by LC), as shown in Eq. (4). SAT, CCI, and TRUST, represent the  $i$ th respondent's satisfaction, customer-company identification, and trust, respectively. LENGTH represents the length of time the  $i$ th respondent has been a customer of the company. COMP represents the perceived competitive intensity, GENDER is a dichotomous variable with zero representing males and one representing females, AGE represents the age of the respondent, and  $\kappa_i$  represents the model-error variance that is separate from the covert response.

#### Model Estimation

Because each customer has a unique variance term (as represented by  $\text{var}(\varepsilon_i)$ ), Eqs. (1) through (3) constitute a heteroscedastic regression model. The parameters of interest ( $\beta$  and  $\gamma$ ) were estimated using feasible generalized least squares in

SAS v9.2. Following the estimation, individual conviction was computed by reversing the right-hand side of Eq. (3), as shown in Eq. (4). More specifically, a respondent's judgment uncertainty was created from a composite of the antecedents based on the estimated weights (i.e., the representative  $\gamma$  for each predictor) and this uncertainty was reversed to represent conviction. The steps used to formulate and estimate the equations are explained in Chandrashekaran, Rotte, and Grewal (2005) and exemplified by Rotte et al. (2006). Once conviction was estimated for each respondent, the predictive validity of conviction was assessed by regressing the loyalty behaviors on the interaction between the magnitude and conviction as estimated by OLS regression:

$$\text{BEHAV}_i = \tau_0 + \tau_1 \text{LOY}_i + \tau_2 \text{LC}_i + \tau_3 \text{LOY}_i \times \text{LC}_i + \tau_4 \text{LENGTH}_i + \tau_5 \text{INCOME}_i + \nu_i \quad (5)$$

where, BEHAV represents the  $i$ th participant's loyalty behavior and  $\nu$  represents the error term. LENGTH and INCOME are the  $i$ th participant's relationship tenure and household income. Because two forms of behaviors were measured (low and high barriers), Eq. (5) was modeled twice. Notably, we used a different set of controls for the prediction of behavior than in the JUMP model. The extracted conviction is a composite of its predictors, therefore, simultaneously using the same predictors while also modeling the effect of conviction would violate the assumption of linear dependency. As such, for predicting behavior, we decided to focus on demographic controls that influence consumption behavior. There are studies that model direct effects of satisfaction and CCI on loyalty behaviors (Brown et al. 2005; Szymanski and Henard 2001). Consequently, to address the linear dependency issue, we estimated the models of loyalty behaviors with satisfaction and CCI added, one at a time, as controls. Only trivial differences in the attitudinal loyalty coeffi-

Table 2  
Descriptive statistics.

	# of items	Study 1 (n=497)		Study 1 (all waves, n=146)		Study 2 (n=523)		Study 2 (all waves, n=266)	
		M	SD	M	SD	M	SD	M	SD
Customer satisfaction: cognitive	3	7.3	1.4	7.5	1.2	7.8	1.1	7.7	1.1
CCI: cognitive	4	3.4	1.5	3.1	1.6	3.9	1.8	3.4	1.5
Conative loyalty	3	4.7	2.0	4.6	1.8	5.0	1.7	4.9	1.7
Behavior with low barriers	1	—	—	4.3	2.7	0.2	0.4	0.7	0.9
Behavior with high barriers	1	—	—	2.6	2.2	4.5	13.0	3.8	7.2
Competitive intensity	2	6.4	2.0	5.9	2.1	—	—	—	—
Relationship tenure (Years)	1	11.0	9.0	10.6	9.9	3.6	3.8	3.7	3.7
Trust	2	6.9	1.9	6.7	1.9	—	—	—	—
Customer satisfaction: affective	3	—	—	—	—	6.9	1.7	7.0	1.6
CCI: affective	4	—	—	—	—	4.7	1.5	4.6	1.5
Cognitive loyalty (performance-based)	3	—	—	—	—	7.4	1.2	7.4	1.2
Cognitive loyalty (preference-based)	3	—	—	—	—	6.2	1.6	6.1	1.6
Habitual commitment	2	—	—	—	—	5.6	1.9	5.6	1.9
Average patronage	1	—	—	—	—	2.2	1.8	2.1	1.8
Price	1	—	—	—	—	4.4	2.5	4.4	2.6

Notes: M = mean; SD = standard deviation. Because items were measured with different scales, each variable was normalized to be on a 1–9 scale (by dividing each scale by the scale length and multiplying by nine) for consistent comparisons (except relationship length, average patronage, and the loyalty behaviors for Study 2). The last column includes descriptive statistics only for those respondents who participated in all four waves of the loyalty behavior measurement. As an assessment of non-response bias, we compared the mean scores of participants completing the initial survey with those completing all waves and found only trivial differences.

clients were found, thus, reported results are for models estimated without these controls.

### Study 1 Results

#### Study 1 Sample and Measure Assessment

Overall, the sample demographics suggested that the respondent pool comprised a diverse set of individuals (52% male, average age was 40 years, 35% with income greater than \$80K). Of the 497 respondents recruited, 146 (29%) also participated in the second wave one month later. Differences between respondents and non-respondents for the second wave were assessed using t-tests to determine if the two groups differed based on the demographic and independent variables gathered. There were no statistically significant differences between the two groups. Thus, the effective sample size for the subsequent analyses is 146. Descriptive statistics for the constructs are shown in Table 2.

A confirmatory factor analysis (CFA) was conducted to assess the psychometric properties of the constructs. All constructs measured with multiple-item scales were tested simultaneously in one model and the items were not allowed to cross-load on other constructs. The results suggested a good fit ( $\chi^2_{(67)} = 94.25$ ;  $p < .01$ , CFI = .98; TLI = .98; SRMR = .077) of the model to the data (Hu and Bentler 1999). The composite reliability statistics for all constructs were greater than .70, suggesting adequate measurement reliability (Nunnally and Bernstein 1994). Convergent and discriminant validity were assessed using the Fornell and Larcker approach (1981). Adequate convergent validity was indicated as the average variance extracted (AVE) for each construct with multiple items was greater than .50. Evidence of discriminant validity was also obtained as the AVE for each construct with multiple items was greater than the shared variance with any possible pairings of the remaining study constructs. Further evidence of discriminant validity was provided by an

HTMT analysis which suggested that all constructs passed the conservative threshold of .85 (Voorhees et al. 2016). CFA results are shown in the web appendix.

#### Study 1 Overall Model Testing

In line with conventional JUMP model analysis suggestions (Rotte et al. 2006), a series of likelihood ratio tests were undertaken to assess the validity of the model. The first two tests revealed that the conceptualization of attitudinal loyalty as a two dimensional form outperforms the null model where all parameters are restricted to zero ( $\chi^2_{(14)} = 329.52$ ,  $p < .01$ ) and a one-dimensional model that excludes conviction ( $\chi^2_{(7)} = 96.94$ ,  $p < .01$ ). The second two tests revealed that the magnitude provides a unique contribution to the explanation of loyalty ( $\chi^2_{(7)} = 249.01$ ,  $p < .01$ ), while the conviction provides a unique contribution to explaining loyalty variance ( $\chi^2_{(7)} = 75.17$ ,  $p < .01$ ). The model predicted 57% of the variation in the magnitude, and similar to past research (Chandrashekaran et al. 2007), 15% of the variation in the conviction. Importantly, the extraction of conviction resulted in a 24% increase in the explained variance in the magnitude (from 46% to 57%). The correlation between the two components was medium and positive ( $r = .38$ ,  $p < .01$ ), suggesting that the two dimensions are related but distinct.

#### Study 1 Hypothesis Testing

Because the JUMP model requires modeling the antecedents of conviction to obtain a useable conviction variable, we first focused on the antecedent hypotheses by examining the effects of satisfaction and CCI on both the magnitude and conviction (H2 and H3). As presented in Table 3, satisfaction ( $\beta_1 = .37$ ,  $p < .01$ ) and CCI ( $\beta_2 = .62$ ,  $p < .01$ ) positively and significantly affected the magnitude. Thus, both satisfaction and CCI lead to greater loyalty. However, CCI exhibited a positive effect on conviction ( $\gamma_2 = .37$ ,  $p < .01$ ) whereas satisfaction exhibited a

Table 3  
The effect of satisfaction and customer-company identification on attitudinal loyalty magnitude and conviction.

	Study 1 (n=497)		Study 2 (n=523)		Study 2 (n=523)		Study 2 (n=523)	
	Conative loyalty (commitment-based)		Cognitive loyalty (performance-based)		Cognitive loyalty (preference-based)		Conative loyalty (commitment-based)	
	Magnitude	Conviction	Magnitude	Conviction	Magnitude	Conviction	Magnitude	Conviction
<i>Variance explained</i>								
Satisfaction	.57	.15 (.05)**	.32 (.06)**	.06 (.04)*	.32 (.05)**	.04 (.05)*	.50 (.05)**	.09 (.06)**
CCI	.37	-.30 (.04)	.57 (.06)**	-.13 (.04)*	.38 (.05)*	-.13 (.05)*	.18 (.05)**	-.09 (.06)**
Trust	.62	.37 (.11)**	.08 (.11)**	.05 (.04)	.24 (.04)	.03 (.06)	.71 (.05)**	.29 (.06)**
Competitive intensity	.38	.08 (.11)**	.12 (.10)**	—	—	—	—	—
Relationship tenure	-.09	-.22 (.05)+	.10 (.07)*	—	—	—	—	—
Age	.09	.14 (.06)	.07 (.01)	-.02 (.02)	.01 (.02)	-.03 (.07)**	-.04 (.03)	.01 (.02)
Gender	.00	.01 (.00)	.11 (.12)	-.01 (.01)	-.04 (.07)	.01 (.07)**	.01 (.10)	-.01 (.12)
Habitual commitment	.15	.11 (.12)	.17 (.17)	-.23 (.07)	.32 (.03)	-.17 (.04)	.15 (.04)*	.09 (.11)
Average patronage	—	—	—	-.02 (.03)	.04 (.02)*	.18 (.03)	.12 (.04)*	.05 (.04)
Correlation between the magnitude and conviction of loyalty				.38	.36	.26	.46	

Notes: Numbers in parentheses are standard errors. Numbers to the left of parentheses are unstandardized coefficients. Gender is a dichotomous variable in which 0 represents a female respondent and a 1 represents a male respondent.

\* p <.05.  
\*\* p <.01.  
+ p <.10.

negative effect ( $\gamma_1 = -.30, p < .01$ ). These findings suggest that CCI creates attitudinal loyalty that is high in conviction, whereas satisfaction creates loyalty that is low in conviction. As such, H2 and H3 are both supported.

We next evaluated the magnitude and conviction on loyalty behaviors. As expected and shown in Table 4, the magnitude had a strong positive influence on loyalty behaviors. However, the magnitude exhibited a statistically smaller effect for the behaviors when situational barriers were high as compared to behaviors when situational barriers were low,  $\tau_1$  low barriers = .36;  $\tau_1$  high barriers = .22;  $F_{(1,140)} = 3.5, p < .05$ . Furthermore, there was a significant interaction between the magnitude and conviction, such that conviction enhanced the relationship between the magnitude and behaviors, and this relationship significantly differed ( $F_{(1,140)} = 2.56, p < .1$ ) across behaviors with low and high situational barriers ( $\tau_3$  low barriers = .01;  $\tau_3$  high barriers = .21). To further examine the interaction, we employed a floodlight analysis to plot the interaction and regions of significance (Spiller et al. 2013). More precisely, multiple simple slopes and their statistical significance were calculated to determine the point of conviction at which the prediction of loyalty behaviors by the magnitude became insignificant. As illustrated in Fig. 2, the prediction of behaviors with high situational barriers by the magnitude became stronger as conviction increased whereas the prediction of behaviors with low situational barriers remained relatively stable and strong no matter the degree of conviction. Until average levels of conviction were held, the magnitude's ability to predict behaviors that overcome situational barriers was insignificant. Thus, the results supported H1 as situational barriers disrupted the prediction of behavior by the magnitude of attitudinal loyalty unless conviction was high.

### Study 1 Discussion

The results of Study 1 supported the hypothesized effects. Satisfaction related to latent loyalty that is disrupted by situational barriers because satisfaction predicted loyalty without conviction. In contrast, CCI predicted loyalty with conviction, creating true loyalty that overcomes the same barriers. Given the large body of research supporting the satisfaction-loyalty link, the negative relationship of satisfaction with conviction was a little surprising. One explanation is that dissatisfied customers are certain of their intention to not be loyal. If so, then at low levels of satisfaction, customers should exhibit low levels of loyalty and moderate-to-high levels of conviction. As satisfaction increases, then, loyalty conviction would decrease as it does in our results. Consequently, a lack of satisfaction creates strong movement away from the firm (in the form of non-loyalty with conviction) whereas the presence of satisfaction creates weak movement towards the firm (in the form of loyalty without conviction).

Extending the idea of satisfaction's weak attraction, it is possible that the negative relationship with conviction could be a result of satisfaction creating a form of habitual loyalty. In this case, the ongoing satisfaction by product performance may lead to loyalty that is a matter of routine rather than active volition. In addition, this habitual effect might only be apparent when examining conative loyalty. In comparison to conative loyalty,

Table 4

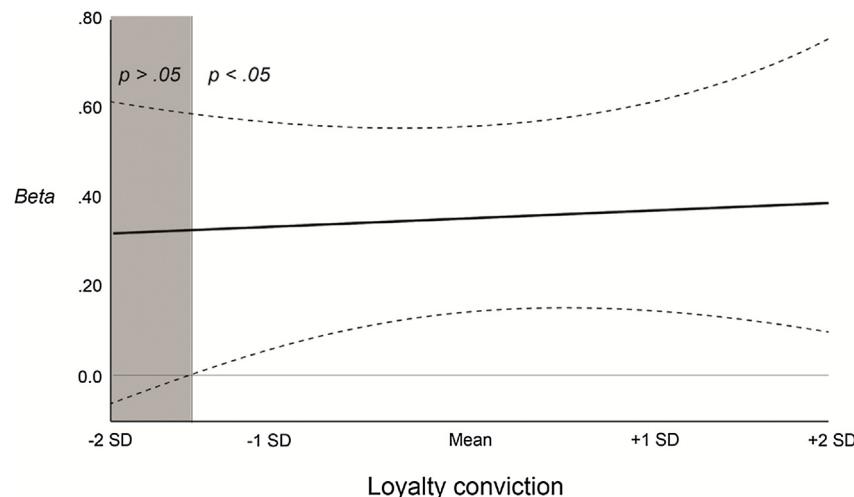
Drivers of loyalty behavior for Study 1.

	Loyalty behaviors with... (n = 146)	
	...low situational barriers	...high situational barriers
Loyalty magnitude	F: 9.35 ** R <sup>2</sup> : .22	F: 12.26 ** R <sup>2</sup> : .28
Loyalty conviction	.36 (.10) ** .35 (.25)	.22 (.07) ** .65 (.19) **
Magnitude × conviction	.02 (.11)	.24 (.08) **
Relationship tenure	-.16 (.14)	.06 (.11)
Respondent income	.25 (.07)	.14 (.05) **

Notes: Numbers in parentheses are standard errors. Numbers to the left of parentheses are unstandardized coefficients.

\*\*  $p < .01$ .

a: Behaviors with low situational barriers (repatronage and positive word-of-mouth)



b: Behaviors with high situational barriers (inconvenient repatronage and unsolicited word-of-mouth)

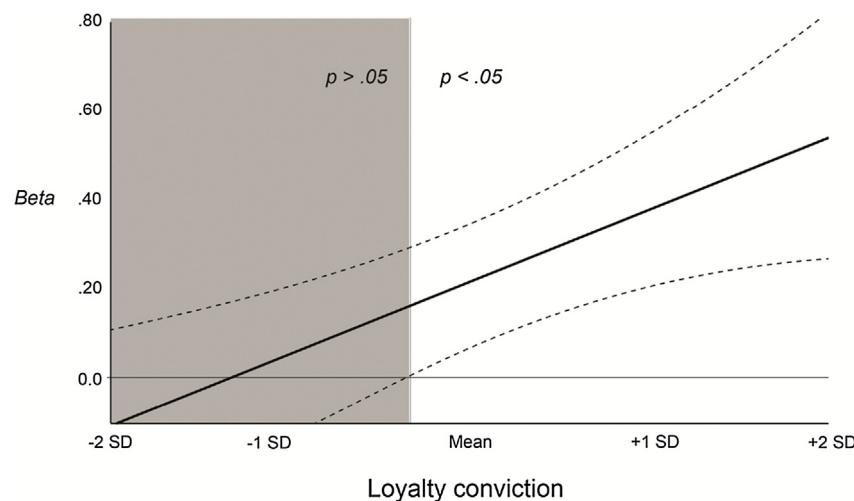


Fig. 2. Regions of significance for the effect of conative loyalty on loyalty behaviors at different levels of conviction in Study 1.

The solid black line represents the standardized beta coefficient for the effect of loyalty (magnitude) on loyalty behavior at varying levels of conviction. Dotted lines represent the confidence interval for the estimated coefficient. Areas shaded in grey represent statistically insignificant effects at an alpha level of .05.

shallower forms, such as cognitive loyalty, are not as exclusive in nature. Therefore, the negative relationship of satisfaction with conviction may not be apparent in cognitive loyalty given it is more dependent on satisfaction (Oliver 1999). To test these possibilities, we undertook a second study.

## Study 2

To expand the findings of the previous study, we conducted another study with two consequential changes. First, we measured two forms of cognitive loyalty (performance- and preference-based) in addition to conative loyalty (commitment-based). We reasoned that the proposed effects of satisfaction creating latent loyalty should only be observed for conative loyalty. Second, we measured two constructs to capture habitual loyalty: habitual commitment and the average number of times a respondent patronized the focal company in a month. Because of these additional measures that increased the survey length and because the study context is within a single industry, we did not measure trust or competitive intensity.

### Study 2 Design

Respondents were recruited from two large undergraduate classes from one university (43% male, average age was 21 years). The focal company was a pizza restaurant, as there were many in the surrounding area and some data suggested pizza was a commonly ordered food among undergraduates (Grubhub 2014). Upon enrollment in the study, respondents were given a URL to complete the survey in which the primary constructs and their email addresses were collected. All measures for the primary constructs were the same as in previous study except for the following changes (see Table 1). The affective forms of satisfaction and CCI were measured in addition to the cognitive forms to ensure the previously observed effects held across each construct's entire domain. Scores for satisfaction and CCI were created using PLS and specifying each as a higher-order formative construct comprising their respective cognitive and affective dimensions. Habitual commitment was measured using the two item-scale developed by Keiningham et al. (2015). Lastly, cognitive loyalty was represented by measuring a performance-based form similar to that used by Evanschitzky and Wunderlich (2006) and a preference-based form using items suggested by Watson et al. (2015).

Four follow-up surveys were given via email at predetermined time intervals over the course of two months. The time intervals (two, three, six, and eight weeks after the first survey) were chosen to avoid school and national holidays. Each survey asked the same series of questions. First, respondents were asked if they had eaten out over the last weekend. If they answered yes, respondents were then asked two questions: to estimate the amount of money spent eating out over the weekend and if they ate at a pizza restaurant. If respondents answered no to the questions about eating out or eating at a pizza restaurant, the survey ended. Respondents who marked yes were asked if they had patronized their chosen pizza restaurant. If respondents answered no, they were asked to provide which pizza restaurant

they had patronized and the reason for doing so. For any pizza restaurant, respondents were asked how much their meal cost.

In regard to loyalty behaviors, two were computed from the data collected. First, patronage was represented by a dichotomous variable where a one (zero) represents a respondent noted as patronizing (not patronizing) the focal restaurant. Second, a share of wallet variable (SOW) was created by dividing the payment amount to the focal restaurant by the amount a respondent noted as spending at restaurants over the weekend (this amounts to a share of purchase calculation which is an important retailing SOW metric, Mägi 2003). If a respondent responded as not eating at the pizza restaurant, their SOW was recorded as zero. The dichotomous patronage variable represented behavior with low barriers as it is the extent to which a respondent visited the restaurant at any point over the previous weekend. The share of wallet variable represented behavior with high barriers as it measured exclusivity over the same time period. Exclusive patronage inherently requires customers to avoid competitors, overcome situational factors, and ignore money saving opportunities.

Of the 688 students solicited to take part in the study, 578 (84%) took part in the first survey. Forty-eight respondents (7%) marked they did not eat pizza and another seven respondents did not answer questions on the primary study constructs so they were removed from the study. This removal left a final sample of 523 respondents for the JUMP model. The follow-up surveys had varying levels of participation (wave 1: 386, wave 2: 410, wave 3: 403, wave 4: 369). Whereas the JUMP model was conducted on only the original sample ( $n=523$ ), the predictive validity of the JUMP model was assessed using the combined sample of all the follow-up surveys ( $n=1,568$ ) so that the unit-of-analysis was a respondent's response to one of the email surveys. This data structure is preferable because adding across the surveys would require either eliminating or imputing the data for respondents who did not take part in every survey wave. A cross-classified multi-level model was tested to control for respondent and survey variance. Though a significant amount of variance was found at the respondent level for share-of-wallet and patronage, no hypotheses or effects of interest were different between the regression and cross-classified multi-level models. As such, the simpler regression model results are reported (logistic regression is used for the dichotomous patronage variable and OLS regression is used for the share of wallet variable). Thirteen respondents did not fill out all of the required information on one of the weekly surveys so these responses were deleted, leaving a final sample size of 1,555 for predicting the loyalty behaviors.

A large majority (91%) of the respondent answers in the follow-up surveys contained self-reports of eating out at least once over the previous weekend. Of the 1,415 responses pertaining to eating out, a plurality ( $n=585, 41\%$ ) reported eating at a pizza restaurant which supports our choice of pizza restaurants as a focus of the study. A majority of these responses ( $n=314, 53\%$ ) pertained to eating at a different pizza restaurant from the one given in the initial survey. Most of these responses (81%) contained a reason why the different restaurant was chosen. Two assistants assigned the stated reasons to categories representing barriers-to-purchase for the original pizza restaurant. Of the reasons given, most ( $n=147, 58\%$ ) pertained to situational factors

(e.g., convenience, friend chose the restaurant), some ( $n=81$ , 32%) pertained to competitive factors (e.g., wanted delivery, open late), and a small amount ( $n=21$ , 8%) listed financial factors (e.g., needed to pay with student dining account, wanted to use gift card). Thus, situational, competitive, and financial barriers were represented in the data.

## Study 2 Results

### Measure Assessment and Overall Model Testing

The measures demonstrated adequate psychometric properties ( $\chi^2=869.11$  (247),  $p<.01$ , CFI=.93, TLI=.91, SRMR=.077, RMSEA=.070) as shown in the web appendix (see Table WT1). The measures passed the same convergent and discriminant validity tests performed in Study 1. The JUMP model was conducted separately on all three forms of loyalty and all passed the overall model tests. For conative loyalty, the model explained 9% of the variance in the conviction and resulted in an 11% increase in the explained variance of the magnitude compared to a model that does not incorporate conviction. For preference-based cognitive loyalty, the model only explained 4% of the variance in conviction and resulted in a 3% increase in the explained variance of magnitude. Lastly, for performance-based cognitive loyalty, the model explained 6% of the variance in conviction and resulted in an 11% increase in the explained variance of magnitude. The observed correlation between magnitude and conviction was positive for all three forms of attitudinal loyalty (as shown in the bottom of Table 3).

### Study 2 Hypothesis Testing for the JUMP Model

Similar to Study 1, the loyalty antecedents were tested first. As shown in the last column of Table 3, CCI exhibited a positive relationship with both the magnitude ( $\beta_2=.71$ ,  $p<.01$ ) and conviction ( $\gamma_2=.29$ ,  $p<.01$ ) of conative loyalty. In contrast, satisfaction exhibited a small, positive relationship on the magnitude ( $\beta_1=.18$ ,  $p<.01$ ) but a small and statistically insignificant relationship with the conviction ( $\gamma_1=-.09$ ,  $p=.11$ ). Interestingly, when habitual commitment and average patronage were removed from the model, satisfaction exhibited a significant negative relationship with conviction ( $\gamma_1=-.17$ ,  $p<.01$ ). Thus, the negative effect of satisfaction on conviction was partly explained by customers' habitual tendencies.

As further shown in Table 3, satisfaction had a stronger effect on more shallow forms of attitudinal loyalty, whereas CCI had a weaker effect. For example, in assessing the effects on performance-based cognitive loyalty, satisfaction exhibited a strong positive relationship on the magnitude ( $\beta_1=.57$ ,  $p<.01$ ) and conviction ( $\gamma_1=.13$ ,  $p<.01$ ), while in contrast, CCI exhibited a weak relationship with the magnitude ( $\beta_2=.08$ ,  $p<.05$ ) and conviction ( $\gamma_2=.05$ ,  $p=.24$ ). Regarding preference-based cognitive loyalty, both satisfaction ( $\beta_1=.38$ ,  $p<.01$ ) and CCI ( $\beta_2=.24$ ,  $p<.01$ ) exhibited a moderate effect on the magnitude and no effect on the conviction. These results suggest that satisfaction is a strong force for creating shallower forms of attitudinal loyalty, but when relied on for deeper forms, such as conative loyalty, satisfaction creates only loyalty that lacks conviction and acts more like a habit. In contrast, CCI is less

necessary for the creation of shallower forms of loyalty, but plays an increasingly important role for the magnitude and conviction as that loyalty deepens. Thus, further support was found for H2 and H3 when examining conative loyalty but not when examining cognitive loyalty.

### Study 2 Hypothesis Testing for the Predictive Validity of the JUMP Model

Next, the magnitude and conviction of conative loyalty were used to predict the loyalty behaviors. As shown in Table 5, the interaction between the magnitude and conviction of conative loyalty was significant for the share of wallet ( $\tau_3=.06$ ,  $p<.05$ ) variable, providing support for H1. Unexpectedly, the interaction was also significant for the patronage variable ( $\tau_3=.11$ ,  $p<.01$ ). Though the patronage variable represented low situational barriers for Study 2, it may represent greater barriers than in the previous study because it measured whether a customer patronized the focal restaurant within the last three days rather than two months as in Study 1. The magnitude and conviction interaction was insignificant for both preference-based and performance-based cognitive loyalty except for the effect of preference-based loyalty on the share-of-wallet variable.

We then used a floodlight analysis as in Study 1 to graph the interactions of the different attitudinal loyalty constructs on the share of wallet variable. As shown in Fig. 3, conative loyalty maintained the ability to predict behavior at average or above average levels of conviction. In contrast, preference-based cognitive loyalty only predicted the loyalty behavior at above average levels of conviction. Lastly, performance-based loyalty was not a statistically significant predictor of the share of wallet variable no matter the level of conviction. We now discuss these results holistically with those of Study 1.

## General Discussion

The objective of the current research is to better understand the creation of latent and true customer loyalty. Latent loyalty fails to predict behavior in the face of disruption, whereas true loyalty predicts behavior despite disruptions. To examine latent and true loyalty, we offer a framework that splits attitudinal loyalty into two components: magnitude, the stated evaluation, and conviction, the inherent strength of the stated evaluation. We find that conviction changes the ability of the magnitude to predict behavior when disruptions are present. Thus, loyalty without conviction acts like latent loyalty in that it is easily disrupted, whereas loyalty with conviction acts as true loyalty by continuing to predict behavior despite disruptions.

Our investigation of loyalty is enhanced by examining conative and cognitive loyalty so a range of loyalty is represented, from shallow to deep. We also examine satisfaction and CCI as key variables that affect latent and true loyalty. As in previous research (Harris and Goode 2004), the current research suggests deep loyalty is a better predictor of behavior than shallow loyalty. However, we also find that deep loyalty is different depending on whether it is driven by satisfaction or CCI. Namely, satisfaction relates to latent, deep loyalty, whereas CCI relates to true, deep loyalty. These relationships were evidenced in the studies by sat-

Table 5

Drivers of loyalty behavior for Study 2.

	Loyalty behaviors with... (n = 1,555)	
	...low barriers	...high barriers
Conative loyalty (commitment-based)		
Model test	54.10	4.66 **
R <sup>2</sup>	.06	.03
Magnitude	.35 (.08) **	1.03 (.35) **
Conviction	-.11 (.08)	.18 (.36)
Magnitude × conviction	.15 (.05)	.57 (.25) *
Relationship tenure	-.03 (.07)	-.02 (.08)
Respondent income	.3 (.07)	-.00 (.17)
Perceived expensiveness	-.19 (.07) **	.04 (.13)
Physical distance	-.28 (.07) **	-.68 (.21) **
J-N POINT	-1.02	-.54
Cognitive loyalty (preference-based)		
Model test	42.66	4.84 **
R <sup>2</sup>	.05	.03
Magnitude	.17 (.08) *	.37 (.35)
Conviction	.13 (.08)	1.02 (.36) **
Magnitude × conviction	.06 (.06)	.67 (.26) *
Relationship tenure	-.00 (.02)	.03 (.08)
Respondent income	.02 (.04)	.01 (.17)
Perceived expensiveness	-.07 (.03) *	.08 (.13)
Physical distance	-.20 (.05) **	-.69 (.21) **
J-N POINT	N/A	+.62
Cognitive loyalty (performance-based)		
Model test	52.33	4.64 **
R <sup>2</sup>	.05	.03
Magnitude	.07 (.07)	.29 (.32)
Conviction	.30 (.08) **	1.12 (.33) **
Magnitude × conviction	-.09 (.07)	.45 (.30)
Relationship tenure	-.03 (.02) +	-.12 (.08)
Respondent income	-.07 (.06)	-.21 (.19)
Perceived expensiveness	-.07 (.03) *	.06 (.13)
Physical distance	-.20 (.05) **	-.69 (.21) **
J-N POINT	N/A	N/A

Notes: Numbers in parentheses are standard errors. Numbers to the left of parentheses are unstandardized coefficients. Physical distance = the perceived amount of distance between the restaurant and where the respondent spent a majority of their day; J-N POINT = the number of standard deviations from the mean of loyalty conviction that the ability of loyalty magnitude to predict loyalty behaviors transitions from insignificant to significant at an alpha level of .05. Model test numbers for the behaviors with low (high) barriers are based on chi-square (F) tests.

\* p < .05.

\*\* p < .01.

+ p < .10.

isfaction exhibiting a positive relationship with the magnitude of conative loyalty but not so with the associated conviction. In contrast, CCI exhibits a positive relationship with both the magnitude and conviction. Though satisfaction had a stronger relationship with its magnitude and conviction, cognitive loyalty was not as effective at predicting behavior, especially when competitive and situational barriers were present.

To strengthen the manuscript based on the anonymous reviewers' advice, we undertook additional studies that all replicated the effect of CCI and satisfaction on loyalty with conviction. One of these studies replicated Study 1, another used observed loyalty behavior for the dependent variable, one included a broader range of controls to alleviate concerns of omitted variable bias, and the last used instrument controls to assess endogeneity effects. All four of these studies replicate our

current findings. Rather than include them in the manuscript, we have made them available in the web appendix.

### Implications for Theory

#### Insights into the Structure of Customer Loyalty

Though previous research conceptualizes loyalty as latent or based merely on convenience (e.g., Dick and Basu 1994), there is a surprising lack of empirical research on this distinction (for an important and recent exception, see Ngobo 2017). In his conceptual work, Oliver (1999, p. 37) reasoned that conative loyalty, the primary type of attitudinal loyalty examined herein, does not provide customers "the resolve to avoid consideration of competitive brands intentionally". Oliver further theorized that an inherent fortitude in a customer's loyalty evaluation is crucial for attitudinal loyalty to translate into behaviors despite barri-

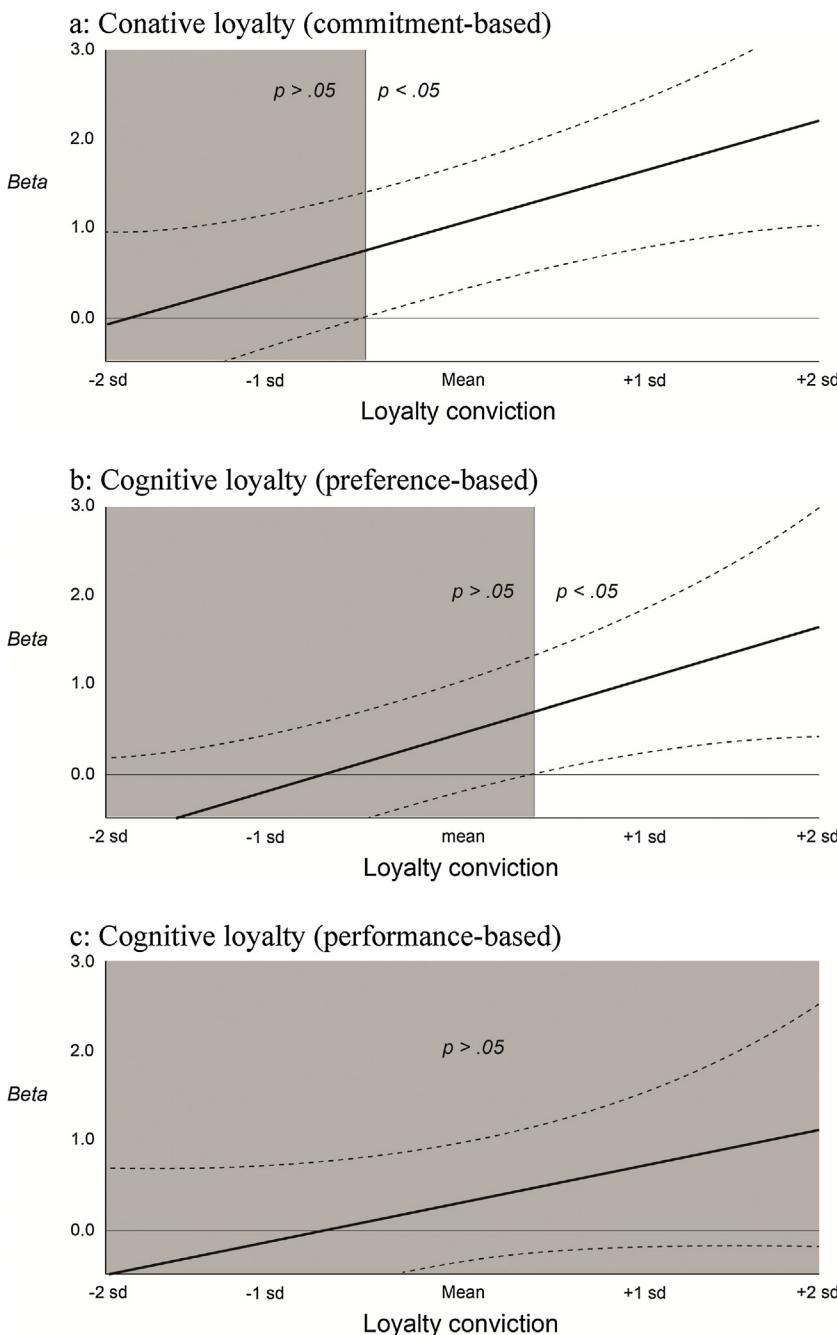


Fig. 3. Regions of significance for the effect of cognitive and conative loyalty on loyalty behaviors with high competitive barriers (share-of-wallet) at different levels of conviction in Study 2.

The solid black line represents the standardized beta coefficient for the effect of loyalty (magnitude) on the represented loyalty behavior at varying levels of conviction. Dotted lines represent the confidence interval for the estimated coefficient. Areas shaded in grey represent statistically insignificant effects at an alpha level of .05.

ers. Thus, the current research provides empirical evidence in support of Oliver's (1999) theory by demonstrating that conviction is unobservable in typical loyalty measures and that without conviction, conative loyalty acts like latent loyalty.

The nature of conviction and its drivers change depending on the type of loyalty examined. As such, researchers should take a broader view of attitudinal loyalty, one that not only encompasses loyalty attitudes but also the underlying conviction. In Fig. 4, we offer an expanded view of attitudinal loyalty based on the current conceptualization of magnitude and convic-

tion. Namely, attitudinal loyalty follows two continuums. The first continuum is aligned with Oliver's (1999) theory of loyalty spanning from shallow to deep as it transitions through cognitive, affective, and conative states. The second continuum aligns with Dick and Basu's (1999) research in which each loyalty state spans from latent to true depending on the degree of conviction within the loyalty.

The resulting matrix from the alignment of these continuums on perpendicular axes, as shown in Fig. 4, reveals the qualitative differences among the representative forms of loyalty. Satisfac-

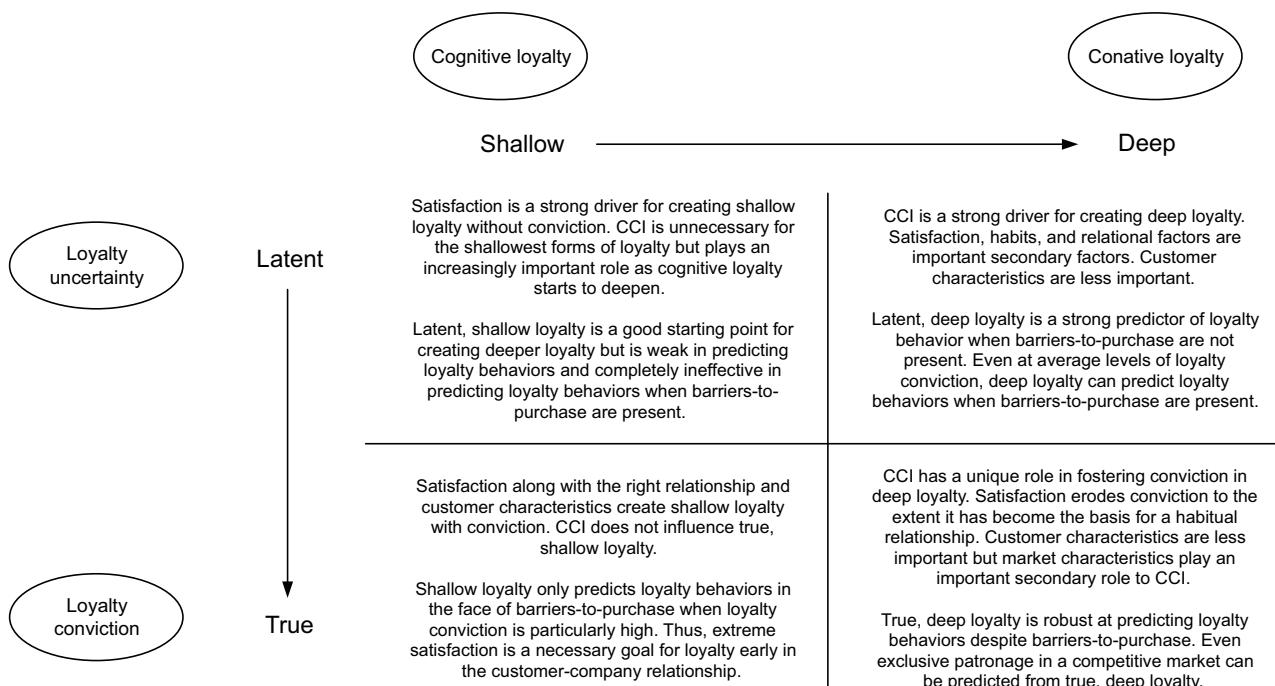


Fig. 4. A matrix based on the magnitude and conviction that specifies differential antecedents and effects for the resulting types of attitudinal loyalty.

tion helps form the magnitude and conviction of shallow loyalty, but this type of loyalty predicts behaviors only when conviction is high. This conceptualization fits with previous research that suggests moving customers from being satisfied to very satisfied has a disproportionate role in creating loyalty (Heskett et al. 1994). In addition, this finding fits with research that suggests product trial and sensory emotions create attitude strength, as such connections are likely to be in the early stages of loyalty (Fazio 2014; Smith and Swinyard 1983). When examining shallower forms of loyalty, customer characteristics have an even stronger effect on conviction than satisfaction (as exhibited in Study 2), which helps explain why customer characteristics are so influential in determining the relationship between satisfaction and loyalty behaviors (Mittal and Kamakura 2001).

As customers transition from shallow to deep loyalty, though, satisfaction and customer characteristics have a decreasing effect on loyalty formation, whereas CCI has an increasing effect. This finding aligns well with research suggesting that satisfaction has a decreasing rate of return in establishing loyalty (Agustin and Singh 2005). Even deep loyalty with average conviction is worthwhile as it strongly predicts behaviors with no barriers-to-purchase while maintaining an ability to predict behaviors despite barriers-to-purchase. However, the strongest form of loyalty, what Oliver (1999) calls “ultimate loyalty”, is when deep loyalty is paired with conviction. As noted in the bottom-right of Fig. 4, CCI has a unique role in establishing this form, which is why previous research suggests that identification is particularly effective for predicting resistance to brand switching even in the face of a competitor’s radically new product offering (Lam et al. 2010). Importantly, satisfaction erodes conviction at this stage to the extent that such loyalty is based on habitual behavior.

This finding aligns with previous research that suggests habitual behavior disrupts the loyalty intention-behavior link (Olsen et al. 2013).

#### *The Complex Role of Satisfaction in Customer Loyalty*

Previous research notes that satisfaction is a necessary but insufficient determinant for customer loyalty (Agustin and Singh 2005; Oliver 1999). Consistent with this claim, research finds that the link between satisfaction and loyalty behaviors can break down. For instance, Arnett, German, and Shelby (2003) find no direct relationship between customer satisfaction and word-of-mouth. Mittal and Kamakura (2001) theorize the problem stems from measurement error, and while that may be to blame, the current research provides a complementary perspective. Namely, the error stems, at least partly, from failing to measure the conviction with which a loyalty evaluation is held. Thus, the results presented herein suggest that the demographics researchers observe as strengthening or weakening the satisfaction-loyalty relationship (e.g., gender, age, education) serve as proxies for different levels of conviction (Homburg and Giering 2001). In fact, Mittal and Kamakura (2001) theorize that respondents with certain demographics have “more stable preferences” that lead to satisfaction predicting higher repurchase probabilities. From the current perspective, certain characteristics (such as gender and age) naturally lead respondents to hold attitudinal loyalty evaluations with certainty, which subsequently strengthens the satisfaction-behavioral loyalty link.

The current research further extends theory on customer satisfaction by linking it to latent, deep (i.e., conative) loyalty that lacks conviction or to true, shallow (i.e., cognitive) loyalty with conviction. Thus, contrary to previous research that sug-

gests satisfaction becomes completely isolated from loyalty over time (Garbarino and Johnson 1999), the current research suggests that satisfaction is sufficient for loyalty behaviors with no barriers-to-purchase (i.e., ones that fit into a routine). However, barriers (e.g., situational, competitive, financial) likely account for why defecting customers are often “satisfied”. If the best case scenario for satisfaction is latent, deep loyalty or true, shallow loyalty, then why has research shown a positive relationship between satisfaction and positive firm outcomes? The most logical answer is that many customer-company relationships are likely characterized by convenience, and satisfaction-based loyalty is sufficient to maintain these relationships. In their qualitative study of brand loyalty, Fournier and Yao (1997) note that some respondents who expressed brand loyalty had more of what could be described as a comfortable habit. Similarly, Olsen et al. (2013) suggest some loyalty starts with satisfaction but develops into habitual behavior. If the habitual aspects of the relationship are not disrupted, then satisfaction and latent loyalty predict behavior.

It is the consideration of habit-based loyalty that can explain why studies have linked satisfaction to financial performance despite satisfaction’s inherent deficiency in loyalty formation (Morgan and Rego 2006). For many organizations, loyalty based on convenience is sufficient, especially if a customer builds their interactions with an organization into their ongoing routines. In other words, if behaviors that overcome barriers are unrealistic or if an organization fits into a customer’s habits, then convenient repatronage may be the best case scenario. In such a case, trying to engender loyalty behaviors through identification may be a fool’s errand and a waste of resources (Oliver 1999). Thus, the current research does not counteract previous research that suggests financial success stems from maintaining high levels of customer satisfaction. Instead, the current research illuminates the underlying difficulty of relying on satisfaction alone as a means to create the type of loyalty that will adhere a customer to an organization despite situational, competitive, and financial barriers.

#### The Enduring Role of CCI in Customer Loyalty

The current research extends CCI theory by reconciling several unexplained phenomena. Prior research suggests that CCI plays a secondary or equivalent role to satisfaction in predicting loyalty (e.g., Homburg, Wieseke, and Hoyer 2009). However, such equality seems misplaced considering identification is conceptualized as “the primary psychological substrate for...deep, committed, and meaningful relationships” (Bhattacharya and Sen 2003, p. 76). Additionally, Brown et al. (2005) suggest CCI has an unexpectedly stronger effect on loyalty behaviors than intentions. This research offers an explanation of these discrepancies by revealing that some of CCI’s influence on loyalty behavior is mediated by a customer’s unobserved conviction. That is, across our studies, the results continually suggest that not controlling for the presence of conviction understates the effect of CCI on attitudinal loyalty. Moreover, consistent with recent research suggesting CCI has a stronger effect on loyalty over time as compared to satisfaction (Haumann et al. 2014; Huang and Cheng 2016), the current findings

reveal CCI-based loyalty stands the “test of time” because it is resilient against situational, competitive, and financial barriers due to the loyalty being held with greater than average conviction.

#### Implications for Marketing Practice

The implications of the current research are both strategic and tactical. Strategic decision-makers in an organization should understand that satisfaction is insufficient for creating true, deep loyalty but is sufficient for other types of loyalty. In some industries, retailers may benefit by targeting weaker forms of loyalty. For instance, fast food chains have been known to pick locations based on the ease with which customers can access their parking lots. This decision capitalizes on satisfaction-based loyalty. If customer satisfaction is the means by which customer retention is to be obtained, an organization must ensure customer expectations are fulfilled while also examining the impact of relevant customer characteristics and barriers-to-purchase on loyalty behavior (Nagengast et al. 2014). Nonetheless, retailers are exposing themselves to risk if they exclusively pursue satisfaction-based loyalty, as this form of customer loyalty is highly influenced by such external influences.

In contrast, if CCI is the means for customer retention, then a company takes a different focus, one based on ensuring marketing activities support the appropriate company identity. Marketing research under this paradigm will assess changing customer identities to ensure congruity with the company and explore the effect of changing market characteristics on loyalty. While customer satisfaction is not to be ignored, as it is the precursor to loyalty (Oliver 1999), its determinants are merely points of potential failure rather than points of success.

From a more tactical perspective, marketing researchers should be wary of measuring loyalty based solely on standard scales. Researchers have advocated the use of satisfaction and attitudinal loyalty measurement, combined with customer spending data, as a way to segment customers (Kumar and Shah 2004). The inherent implication is that customers with high spending and high loyalty can be counted on for future revenue. However, if conviction is not taken into account, then future revenues may be overestimated and, subsequently, marketing dollars may be misallocated. There are three ways to potentially address this problem. One way is to use the JUMP model to note the influence of typically measured variables (e.g., satisfaction, demographics) on conviction, and then adjust future attitudinal loyalty measures using the conviction coefficients and the typically measured variables. Another method is to use attitude strength measures (Bassili 2008) to assess conviction directly. Such measures are biased but only require a single scale. Finally, recent research suggests using attitudinal and behavioral loyalty measures (Watson et al. 2015). This proposal would likely help given conviction is in the attitudinal portion of loyalty. These last two methods are not perfect for handling loyalty conviction but are easier for retailers to implement than using the JUMP model.

## Limitations and Future Research

A limitation of the current study is the use of a cross-sectional method for assessing the determinants of attitudinal loyalty. With cross-sectional data, the sequential nature of CCI and satisfaction in creating loyalty is assumed rather than empirically tested. Measuring the antecedents at one point in time also misses any dynamic interactions in the formation of loyalty. In a customer's first encounter with a company's service or good, CCI is likely dependent upon the satisfaction attributed to the initial exchange. However, considering that a company's identity can be communicated outside of exchange encounters, it is possible for CCI to form before consumption occurs. The combined impact of initial satisfaction and initial CCI is one area where additional research is needed.

The boundary effects of conviction and CCI should also be examined. Given there are limits to the extent that CCI insulates customers from negative information about a company (Einwiller et al. 2006), there is likely a limit to the number and type of barriers that can be overcome by CCI-created loyalty. Relatedly, another limitation stems from our studies examining the framework only within the context of services. Similar findings should be obtained within the context of goods as research within this setting sometimes shows negligible effects of customer satisfaction on loyalty behaviors. For instance, Seiders et al. (2005) find no direct effects of satisfaction on repurchase visits and spending; instead, satisfaction interacts with other variables, such as involvement, to influence behavior. Thus, the conclusions drawn from the current research may extend to goods but additional research needs to test this empirically.

## Executive summary

Despite retailer's keen focus on customer loyalty and the implementation of loyalty programs, retailers continue to face the predicament of discrepancies between customers' loyalty intentions and behavior. Coinciding with this dilemma is that retailers often find that defecting customers are indeed satisfied. Therefore, attempts to create even more positive customer attitudes may prove fruitless in promoting loyalty behavior.

These issues raise an important question, that is, what creates the harmonization between customers' loyalty attitudes and behaviors? To investigate this question, we turn our focus to assessing attitudinal loyalty with different levels of conviction (i.e., strength or certainty), and its association with latent loyalty, which occurs when customers' psychological or attitudinal loyalty fails to translate into corresponding behaviors, and true loyalty, which occurs when customer attitudinal loyalty leads to loyal behavior even in the presence of barriers. Further, we investigate the impact of customer satisfaction, defined as a customers' cumulative evaluation of a product or service provider, and customer-company identification, defined as a customer's perception that a company represents a certain aspect of his/her own identity, on the creation of loyalty conviction.

We find that customer-company identification is best at creating deep attitudinal loyalty (i.e., conative, a customer's commitment to a particular brand or firm) and at fostering conviction in this loyalty so it becomes true loyalty. Such true loyalty

predicts loyalty behaviors even in the presence of situational and competitive barriers. Though customer satisfaction does have a positive influence on deep attitudinal loyalty, the loyalty created has no conviction and therefore does not predict behavior in the presence of barriers to purchase. Customer satisfaction has a stronger influence on attitudinal loyalty of a shallow nature (i.e., cognitive, where customers prefer a brand over others) and is even sufficient in fostering conviction in shallow loyalty. However, this form of loyalty only overcomes barriers to purchase when conviction is very high which suggests true loyalty is only possible from satisfaction when customers are extremely satisfied. Thus, as marketers largely strive to create deep and meaningful relationships with customers, the evidence suggests that customer-company identification is instrumental in obtaining such goals as even moderate amounts of identification are sufficient for true loyalty.

This research offers important insights and implications for retailers. First, retail executives should understand that a strategy solely focused on customer satisfaction may not achieve the firm's intended goal as we find that satisfaction is only sufficient for creating shallower loyalty and such loyalty is only robust when satisfaction scores are nearly perfect. While on the surface satisfaction-based strategies may appear problematic, in some industries, it may be advantageous for retailers to target these shallower forms of loyalty given that barriers to purchase are taken into account. For instance, fast food chains frequently select locations based on the ease with which customers can access their parking lots. Indeed, this practice aligns and capitalizes on satisfaction-based customer loyalty. However, such strategies may not be well-suited for all industries and as our findings show, satisfaction-based loyalty is highly influenced by external influences; thus, exclusively pursuing satisfaction-based initiatives may be a risky approach in certain conditions.

Marketing strategies founded on customer-company identification are fruitful for fostering deep and true customer loyalty and enable a company to rely on customer loyalty to overcome situational, competitive, and financial barriers to purchase. In pursuing customer-company identification-based initiatives, retail executives need to confirm that all marketing activities are united and support the appropriate company identity. Moreover, retailers should monitor changing customer identities and characteristics to ensure congruity with the company and not overlook customer satisfaction, as it continues to affect customer loyalty.

## Appendix A. Supplementary data

Supplementary data associated with this article can be found, in the online version, at <http://dx.doi.org/10.1016/j.jretai.2017.08.004>.

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