

How Loyal Are You? A Scale for the Measurement of Dispositional Loyalty

Despite the importance of customer loyalty and considerable research attention accorded to it, findings concerning the origins of loyalty are inconsistent. We propose a measure of loyalty that is generalizable across consumer domains by conceptualizing that behavioral and attitudinal expressions of loyalty stem not just from firm-specific antecedents, but also a consumer-specific chronic disposition. Across a series of studies, we construct our scale of dispositional loyalty, test its nomological and discriminant validity, and demonstrate its theoretical and managerial applications through various relevant consumer scenarios (brand transgressions and price increases). Finally, we address the scale's limitations and offer suggestions for future research.

Keywords: individual differences, traits, customer loyalty, scale development, branding

“Loyalty cannot be blueprinted. It cannot be produced on an assembly line. In fact, it cannot be manufactured at all, for its origin is the human heart—the center of self-respect and human dignity.” – Maurice Franks

Loyalty is one of the most important characteristics of a person. Across relationships with both persons and with entities such as brands, loyalty engenders trust and faith that has long term positive consequences. As for marketers, enhancing customer loyalty is a goal they routinely pursue (Dick and Basu 1994; Evanschitzky et al. 2012). This may be in part because retaining an existing customer is believed to be 25 times less costly than acquiring a new one (Gallo 2014) and increasing customer retention by just 5% can boost profits by 25% to 95% (Reichheld 2001). Indeed, the loyalty management market is expected to exceed \$7 billion by 2026 (Fortune Business Insight 2019). Given its importance, abundant academic research and practitioner inquiry has focused on customer loyalty, along with the development of programs and methods to retain consumers (Evanschitzky et al. 2012; Henderson et al. 2011; Watson et al. 2015). Yet despite the importance afforded to it, industry reports suggest that customer loyalty may be on the decline (Leinbach-Reyhle 2016).

Prior research has stopped short in understanding if consumers are intrinsically loyal or disloyal and provided a scale for intrinsic loyalty. Loyalty has been one of the most studied concepts in marketing and though there has been tremendous and insightful research proposing various measures of loyalty, providing a scale for intrinsic loyalty has not been proposed and measured. Accounting for individual differences in loyalty may help marketers understand (1) why loyalty programs often do not meet financial performance expectations (Henderson et al. 2011; Nunes and Drèze 2006b) and (2) why consumers’ utilization of loyalty programs is less than half of the total loyalty program membership (Berry 2013).

Prior research has characterized loyalty as a constellation of behaviors and attitudes often measured through positive word-of-mouth and/or repeat purchases and preceded by firm-specific activities in building commitment, trust, and satisfaction (Dick and Basu 1994; Watson et al. 2015). As a result, researchers typically have tailored their measures of loyalty to a specific brand, product, service, or situation. Such treatment of loyalty while useful, limits its practical and theoretical applicability (Watson et al. 2015). Moreover, while there has been an abundance of research that has provided various measures of loyalty—such as brand attachment, brand love, self-brand connection, relationship investment, and more (see Keiningham et al. 2015; Khamitov et al. 2019; Watson et al. 2015)—the behavioral and attitudinal approaches employed offer an understanding of loyalty from a firm’s perspective, ignoring customer loyalty’s psychological underpinnings and the possibility that some consumers may be inherently more loyal than others (Henderson et al. 2011; Reczek et al. 2014; Watson et al. 2015).

In contrast to the prevailing practice of considering customer loyalty to be a situational/context specific behavior or an attitude, we propose an alternative. Our conceptualization reflects the psychological nature of loyalty and its origins residing within the customer that is generalizable across consumer domains and, thus, has the potential for relatively widespread managerial applications. In accord, our research proposes and documents that behavioral and attitudinal expressions of customer loyalty stem not just from firm-specific antecedents such as trust, commitment, and satisfaction, but from a measurable, consumer-specific chronic disposition as well.

We argue that user-specific dispositional loyalty is an innate characteristic (aka trait) that can enable marketers to better understand and manage their customer loyalty programs. Despite the rich and important work on measuring various constructs of loyalty, prior research does not

fully pin down the notion of dispositional loyalty. Depending on the operational definition of loyalty used in a specific context, researchers have relied on idiosyncratic measures of loyalty-related attitudes and behaviors (Evanschitzky et al. 2012; Henderson et al. 2011; Watson et al. 2015). One of the most common measures of loyalty, repeat purchase, may be inadequate in fully capturing intrinsic loyalty (Dick and Basu 1994; Henderson et al. 2011; Watson et al. 2015). In fact, previous research has shown that 25% to 50% of a brand's highest-spending customers also purchase from competitors (Cameron 2014).

Our work, aimed at documenting a dispositional measure of loyalty, offers several contributions. First, we extend literature by drawing on existing research pertaining to attitudinal and behavioral loyalty, personality psychology, and practitioner findings to develop a measure for dispositional loyalty. Second, we contribute to the personality literature by proposing a dispositional measure, which has important implications for marketers. Chronic dispositions are being increasingly recognized as key to understanding consumer behavior and, as such, several dispositions have been recognized as relevant and important in consumer research, such as self-control (Baumeister 2002), implicit theories (Jain et al. 2009; Jain and Weiten 2020), variety seeking (Oliver 1999), and vanity (Netemeyer et al. 1995). We add to this burgeoning literature by characterizing customer loyalty as containing a dispositional component which, as our scale development and testing shows, appears to be distinct from several other seemingly related dispositions.

We explore loyalty's antecedents and structure to demonstrate that some consumers are inherently more loyal than others. Furthermore, we examine the manner with which consumers perceive relational antecedents such as trust, commitment, and satisfaction. For example, whereas satisfaction has been recognized as an important antecedent of attitudinal and behavioral

loyalty, prior research has offered relatively little insight on how consumers may differ in the relative value they attribute to being satisfied (Ranaweera and Prabhu 2003).

The remainder of the paper first presents a brief literature review to support our conceptualization of dispositional loyalty by describing its structure, as well as related constructs and existing measures of loyalty. Next, we describe the scale development process in detail. Finally, we offer the findings from two studies to demonstrate theoretical and managerial applications of the dispositional loyalty scale, as well as the test of its validity and reliability.

THE CONSUMER DISPOSITIONAL LOYALTY CONSTRUCT

In their classic review of early customer loyalty research, Jacoby and Chestnut (1978) cited over 50 definitions of loyalty, thus revealing a lack of consensus in terms of the conceptualization of loyalty. Despite this significant variation, most researchers have tended to converge on the viewpoint that loyalty is a combination of attitudes and behaviors that are advantageous to a firm vis-à-vis its competitors (Chaudhuri and Holbrook 2001; Dick and Basu 1994; Oliver 1999). In fact, attitudinal and behavioral components of loyalty are at the core of Watson et al. (2015) and their meta-analysis of 163 loyalty studies. In their paper, Watson et al. (2015) conceptualized customer loyalty as a “collection of attitudes aligned with a series of purchase behaviors that systematically favor one entity over competing entities” (p. 733). Although behavioral and attitudinal approaches to customer loyalty aid an understanding of customer loyalty, extant work has assumed the perspective of the firm (Henderson et al. 2011; Reczek et al. 2014; Watson et al. 2015). Specifically, the conceptual model of behavioral and attitudinal customer loyalty as described by Watson et al. (2015) is preceded by three significant *firm-* and *product-specific* antecedents: commitment, trust, and satisfaction. Additionally, perceived value is also often viewed as an important antecedent of customer loyalty (Lin and

Wang 2006; Papista et al. 2018). In our view, an important implication of considering customer loyalty from the perspective of the firm is that the effect of these antecedents on the outcomes of customer loyalty is assumed to be the same for all consumers.

Similarly, prior research has often viewed customer loyalty as an *outcome* rather than an *antecedent* of loyalty programs, with 65% of loyalty studies examining loyalty as an end result (Watson et al. 2015). Treating loyalty as an outcome is not surprising, as consumers' attitudes or behaviors are intended to be affected by the loyalty programs that target them. However, the problem arises when the effectiveness of loyalty programs is treated as a proxy of a firm's performance. This firm-centric perspective promotes endogeneity of loyal attitudes or behaviors and thus measuring the true effect of customer loyalty on firm performance becomes problematic. To fully understand the determinants of customer loyalty, we need to focus on the consumer-specific psychological aspect of loyalty. We formally define *consumer dispositional loyalty as a stable disposition, that drives some consumers to be more inclined to commit to a brand, product, or service, and remain committed to it, despite situational factors that might otherwise lead to switching behavior.*

Limitations of Firm-Specific Measures of Customer Loyalty

Extant customer loyalty research presents ad hoc measures that assess consumer attitudes and/or behaviors. Although useful, such scales tend to be atheoretical, often created for a specific study. Consequently, the construct being measured is not always clear. For example, word-of-mouth (WOM) measures have been used as a proxy of attitudinal loyalty (Evanschitzky et al. 2012). However, WOM has been shown to differ from loyalty, both theoretically (Dick and Basu 1994; Söderlund 1998) and empirically (Söderlund 2006). The number of repeat purchases is perhaps the most frequently used behavioral measure of customer loyalty. For example, Nunes

and Drèze (2006a) examined the impact of perceived effort (measured by the number of purchases) required to earn a reward. However, as Henderson et al. (2011) asserted, “true loyalty” extends beyond sales and pricing. In other words, if purchases are motivated by a reward or special deal, true loyalty cannot be inferred because as soon as a better deal is offered, such consumers are likely to switch.

Other behavioral measures of customer loyalty include advocacy (Jones et al. 2008), willingness to pay a premium (Chaudhuri and Holbrook 2001), or continued silence in the event of a problem, hoping that things get better (Hirschman 1970), among others. As mentioned previously, whether such measures are true measures of consumers’ inherent tendency to be loyal is unclear. Moreover, though most behavioral measures emphasize repeat purchases, most attitudinal measures isolate only one dimension of attitude—the affective, cognitive, or conative component. What is thus requisite is a more nuanced representation of the psychological foundations of loyalty that is independent of its behavioral or attitudinal expressions.

The Structure of Dispositional Customer Loyalty

Dispositions are relatively stable patterns of affect, behavior, and cognition that may exert pervasive influence on a range of behaviors (Ajzen 1987; DeYoung and Gray 2009). Previous research has found that dispositions predict consumers’ attitudes and behaviors. For example, dispositional vanity is strongly related to conspicuous consumption and materialism, as well as consumer attitudes and behaviors (Netemeyer et al. 1995). Dispositional self-control predicts impulsive consumption, emotion regulation, elimination of bad habits, and money management (Baumeister 2002). Trait lay rationalism has been shown to be associated with the extent to which people rely on more versus less rational thinking in making judgments (Hsee et al. 2015).

Why should one consider customer loyalty as possessing a dispositional component?

First, as Oliver (1999) insightfully averred, to be loyal is a basic human instinct rooted in some kind of “internal disposition” (Quester and Lin Lim 2003; Vázquez-Carrasco and Foxall 2006). Second, the relationship between loyalty and other dispositions recognized in personality and consumer research supports our assertion that loyalty can, and should, be examined as an individual difference. For example, loyalty, together with several other dispositions—such as trustworthiness and sincerity—is included in integrity values in personality psychology (Peabody and De Raad 2002). In contrast, other dispositions—such as variety seeking—have been recognized as antithetical to loyalty (Oliver 1999). Third, analogous to other dispositions, loyalty has a long-term orientation; that is, to be considered loyal, consumers need to maintain a relationship with their favorite consumption object over an extended period of time (Dick and Basu 1994). Prior research does not provide a consistent picture of why some consumers remain loyal to a firm—and thus willingly ignore competing firms and forgive transgressions—while others prefer to switch. Finally, we are not the first to propose treating customer loyalty as containing a dispositional component. Bennett and Rundle-Thiele (2000), for instance, found evidence that brand-specific measures and personality trait measures were distinct in relation to attitudinal loyalty in the B2B service market. Additionally, in their meaning-based framework of customer loyalty, Närvänen et al. (2020) identified eight types of loyalty, of which several—such as compulsive loyalty and routinized loyalty—could be argued as possessing a dispositional nature. Given the same firm-initiated loyalty factors at play and presumably similar circumstances (taking randomness into account), consideration of individual differences in loyalty may shed additional light on these issues.

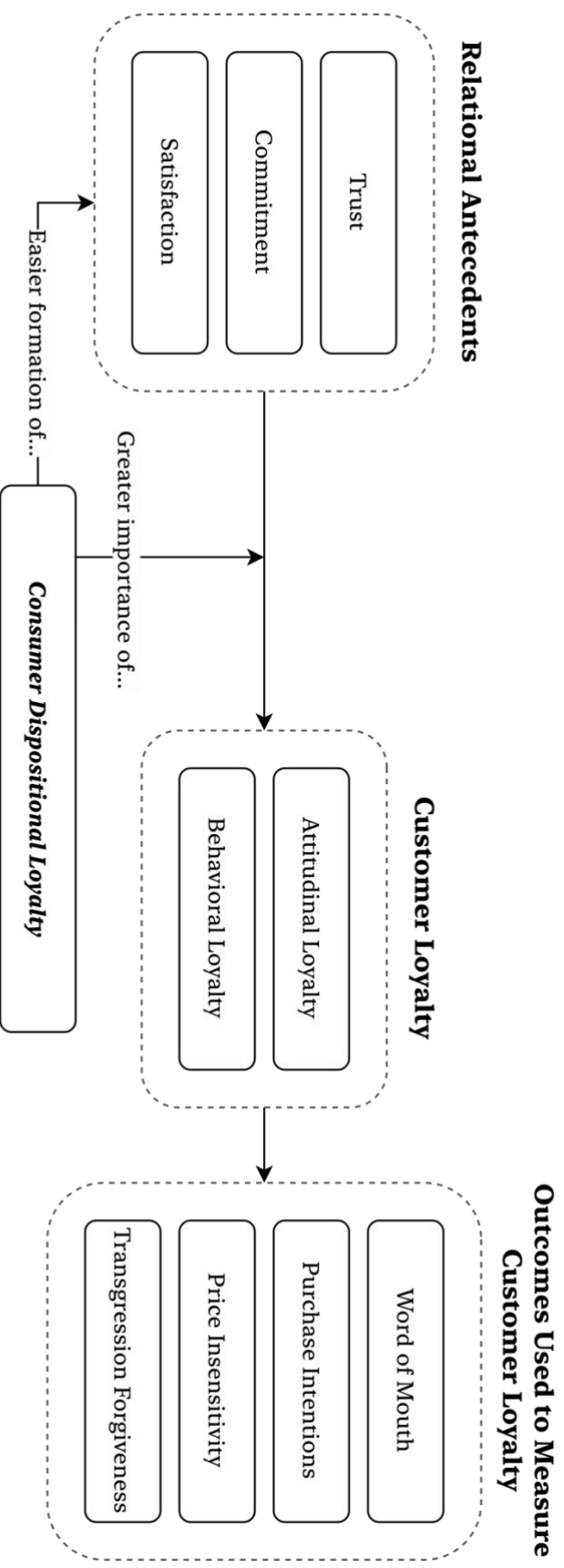
We have thus argued that customer loyalty is a psychological phenomenon and more than merely a collection of attitudes and behaviors. Customer loyalty is fundamentally a relational construct (De Wulf et al. 2001; Sirdeshmukh et al. 2002), so we posit that dispositional loyalty will be associated with other relationship-oriented constructs. Numerous relational antecedents of loyalty have been identified. First, attachment has been considered a key component to the “action” phase of loyalty, where the consumer has a focused desire to buy only one brand (Oliver 1999). Second, commitment—desire to maintain a valuable relationship (Moorman et al. 1992)—has been the most common dependent variable used in buyer-seller relationship research (Oliver 1999; Watson et al. 2015). Oliver (1999, p. 39) defined commitment as “an implicit or explicit pledge of relational continuity.” Commitment has been shown to be the strongest predictor of a customer remaining loyal (Bloemer and Odekerken-Schröder 2007; Keiningham et al. 2015; Oliver 1999; Watson et al. 2015). Third, trust—confidence in the reliability and integrity of a seller (Agustin and Singh 2005; Morgan and Hunt 1994; Sirdeshmukh et al. 2002)—strengthens relationships and can help build loyalty (Henderson et al. 2011; Oliver 1999). Finally, relationship proneness—consumers’ tendency to engage in relationships with sellers—has also been associated with loyalty (Bloemer and Odekerken-Schröder 2007). “If the person is not prone to maintain a relationship with a supplier, it will be difficult to achieve his/her loyalty” (Vázquez-Carrasco and Foxall 2006, p. 206).

The interpersonal relationship literature shows that consumer characteristics involved in forming relationships amongst people also affect the formation of relationships with possessions (Fournier 1998). In developing a scale for dispositional loyalty, we use literature on these foregoing relational antecedents of behavioral and attitudinal loyalty (e.g., attachment, commitment, trust, relationship proneness, etc.) to aid in the measurement of consumer

dispositional loyalty. In our nomological framework, we propose that dispositional loyalty enhances the effect of the relational antecedents on outcomes driven by behavioral and attitudinal loyalty.

In summary, we consider dispositional loyalty to be a customer-specific psychological construct that enhances the effect of the expressions of behavioral and attitudinal loyalty. Figure 1 provides a visual overview of how we believe dispositional loyalty fits into the overall customer loyalty framework, as guided by past research. The subsequent sections present the empirics used in conceptualizing, developing, and testing the construct of dispositional loyalty.

Figure 1. The conceptual framework of consumer dispositional loyalty



STUDY 1A: DISPOSITIONAL LOYALTY SCALE DEVELOPMENT

The first step in our scale development process entailed establishing content validity, which we accomplished by developing a comprehensive and representative set of dispositional loyalty items. Initially, we generated 99 items that represented various components of customer loyalty, using existing scales from personality research, loyalty and loyalty-related dispositions work, and relationship literature in marketing, as well as original qualitative research. Then, utilizing established scale development procedures, we reduced the pool to 27 items that displayed sound psychometric properties in the second stage (Churchill 1979; DeVellis 2016; Hinkin et al. 1997).

Item Generation and Selection

First stage. With the objective of forming a comprehensive theory of dispositional loyalty, we extracted from the literature a variety of instruments that measured loyalty-related dispositions. These inventories included the following: (1) attachment (Brennan et al. 1998; Fraley et al. 2000; Mende and Bolton 2011), (2) commitment (De Wulf et al. 2001), (3) trust (Ganesan and Hess 1997), (4) involvement (Zaichkowsky 1985), (5) variety seeking (Trijp et al. 1996), (6) optimum stimulation level (Baumgartner and Steenkamp 1996; McReynolds 1971; Raju 1980), and (7) relationship proneness (De Wulf et al. 2001). We adjusted the items used in these inventories to reflect the dispositional nature of loyalty; we also broadened the scope of those questions that were tailored to a specific brand, product, or service. For example, we changed a relationship proneness question from “Generally, I am someone who likes to be a regular customer of an apparel store,” to “Generally, I am someone who likes to be a regular customer of a company or service.” These inventories contributed a total of 86 unique items representing a variety of theoretical perspectives.

Additionally, we included several items measuring consumers' beliefs about the extent of their loyalty. We based our premise on Costa and McCrae's (1992) finding that personality self-reports are convergent and largely redundant with observer personality ratings. Therefore, if a consumer views himself or herself as loyal, the observer (namely, the firm) is also more likely to perceive this consumer as loyal. Erikson (1994) theorized that one's identity affects his or her actions; the presupposition has been empirically supported in various moral identity studies (e.g., Aquino and Reed 2002). Therefore, if individuals perceive themselves as dispositionally loyal, they should be more likely to exhibit loyal behaviors—such as repeat purchases, attitudes, and positive word-of-mouth. Examples of these items included “In general, I see myself as a very loyal person,” and “I am as loyal to my favorite brands, products, or services as I was 5 years ago.” The foregoing efforts added 13 unique items. Thus, the result of the first item-generation stage produced 99 candidate dispositional loyalty scale items.

Second stage. In the second stage, the 99 items were reduced to a more manageable number. A panel of academics and practitioners ($n = 37$) were asked to evaluate the 99 items on how each related to loyalty. Academic respondents were faculty members from a large business school in the U.S.; practitioner respondents included managers and executive alums from the same business school. Experts read the following message: “Please rate each statement in terms of the extent to which you think it describes customer loyalty. In other words, if we were to measure how loyal a consumer is in her/his purchase behaviors, are these good statements to include? Will they help us measure such loyalty?” Items were rated on a 7-point Likert scale (1 = Not at all descriptive, 7 = Extremely descriptive). To isolate the most relevant items, the cutoff for the final list of items was a scale rating of 5 (“Descriptive”). This scale rating was chosen because we felt that it possessed the best balance between reducing the list of potential items,

while also not hedging on the items' descriptive ability. Thus, 27 loyalty items remained (Web Appendix B).

Exploratory Factor Analysis

The goal of data reduction was to develop a concise and coherent scale that measures dispositional loyalty, as well as helps identify its underlying dimensions. The 27 scale items were administered to a sample of 498 participants on Amazon Mechanical Turk (MTurk) in exchange for a small monetary compensation. Subjects rated themselves on each of the 27 items using a five-point scale: 1 (Strongly Disagree), 2 (Disagree), 3 (Neutral), 4 (Agree), 5 (Strongly Agree). Using recommended procedures (Anderson and Gerbing 1988), we randomly split these participants into two groups—249 for our exploratory analysis and 249 for our confirmatory analysis. An initial exploratory factor analysis on this split sample extracted four factors with eigenvalues greater than one, explaining 35.17%, 10.46%, 4.37%, and 3.88% of the variance respectively. To further refine our scale, we set an inclusion criterion whereby we retain items only if they have a primary loading greater than 0.65 and the difference between its first and second highest factor loadings is larger than 0.3 (Matsunaga 2010). Following the above criteria, a total of 21 items were removed from the second, third, and fourth factors. We determined that the remaining six items were highly reliable ($\alpha = .87$) and can be viewed in Table 1.

Confirmatory Factor Analysis

Finally, we subjected the remaining six items to a confirmatory factor analysis. As recommended by Fornell and Larcker (1981), we calculated the average variance extracted (.55) and construct reliability (.88), both of which imply a good fitting model. Fit statistics for this model ($\chi^2 (9) = 20.92$, CFI = 0.982, TLI = 0.971, SRMR = 0.029, and RMSEA = 0.07) also

exceeded the standard criteria (Carré et al. 2013; Hu and Bentler 1999). Thus, the remaining six items were accepted as the consumer dispositional loyalty scale.

Table 1. The dispositional loyalty scale

<i>Item</i>
1. Generally, I am someone who likes to be a regular customer of a company or service.
2. Generally, I am someone who wants to be a steady customer of the same company or service.
3. I intend to remain loyal to the products or services I like now.
4. In general, it is easy for me to stay loyal to a brand, product, or service.
5. Once I have found a product or service that I truly like, I tend to stay with that product or service.
6. Once I make a commitment to a certain brand, product, or service, I tend to stick with it.

STUDY 1B: TEST-RETEST AND CONSTRUCT VALIDITY

To assess the construct validity of the dispositional loyalty scale, the relationship between our scale and other similar constructs were examined. Specifically, we tested the correlation between the dispositional loyalty scale and the following measures: brand love (short version; Batra et al. 2012), brand attachment (Park et al. 2010), variety seeking (Rohm and Swaminathan 2004), and three Relationship Investment Subscales: trust, relationship commitment, and relationship satisfaction (De Wulf et al. 2001). These constructs, in addition to having also often been used as proxies for loyalty, are similar to loyalty (Bloemer and Kasper 1993; Dagger and O'Brien 2010; Vlachos and Vrechopoulos 2012). Additionally, the word “loyalty” has been used to describe some of the above constructs (Söderlund 1998). Thus, in defense of convergent validity, we would expect our dispositional loyalty scale to correlate moderately with these other scales while remaining distinct. This study was conducted in two parts with a three-week

separation in order to additionally assess the test-retest validity of the consumer dispositional loyalty scale.

Participants and Method

Five-hundred one MTurk workers participated in the first stage for a small monetary compensation. In the first stage, participants completed only the dispositional loyalty scale ($\alpha = .90$, $M = 3.87$, $SD = 0.66$) and demographics, before being thanked for their input. Three weeks after the completion of the first stage, we contacted participants who had completed the dispositional loyalty scale in the first phase and requested their response in a new survey. Two-hundred and two participants responded to the second phase survey. This second phase survey first measured their dispositional loyalty again ($\alpha = .92$, $M = 3.89$, $SD = 0.67$), before prompting participants with adapted versions of the following scales that have been used in the loyalty literature: brand love (short version; Batra, Ahuvia, and Bagozzi 2012), brand attachment (Park et al. 2010), variety seeking (Rohm and Swaminathan 2004), and three Relationship Investment Subscales: trust, relationship commitment, and relationship satisfaction (De Wulf et al. 2001). Since brand love, brand attachment, and relationship investment are all brand-specific scales, we adapted these scales by changing any reference to a specific brand to their “favorite brands.” The order of all four alternative measures was counterbalanced. Upon completion of the survey, participants were thanked for their input.

Results

Convergent validity. To test convergent validity, we first examined whether the correlations among the scales and dispositional loyalty were directionally consistent, per our prediction. All construct correlations met this criterion (Table 2). As such, our dispositional loyalty scale positively correlated with all the measures included above, with the two most

positive correlations being the *commitment relationship investment* subscale ($r_{\text{phase}_1} = 0.54$; $r_{\text{phase}_2} = 0.68$). These correlations were moderate, which would be expected from a scale measuring customer loyalty. Thus, our scale possessed convergent validity with these other loyalty constructs.

Discriminant validity. Second, we sought to demonstrate that, although convergent in validity with other loyalty-related measures, our dispositional loyalty scale also possesses significant differentiation in its explanatory capabilities. Doing so would suggest that our scale is sufficiently *unique* in its ability to capture a new dimension of loyalty that past measures have not (i.e., loyalty as a disposition). Findings in support of this would establish discriminant validity for our scale. To test discriminant validity, we employ the use of the heterotrait-monotrait ratio of correlations (HTMT; Henseler et al. 2015). HTMT is a highly sensitive method to establish evidence of discriminant validity. The typical conservative threshold for accepting discriminant validity is when the HTMT ratio of correlations for two measures is less than 0.85 (Henseler et al. 2015). In assessing the discriminant validity of our scale, we calculate two sets of HTMT ratios—one using the first observation of dispositional loyalty (CTL1), and another using the second observation of dispositional loyalty (CTL2). In both cases, our results reveal no HTMT ratio of correlations greater than 0.85 (Table 3). Hence, this result suggests that our dispositional loyalty scale, indeed, possesses discriminant validity compared to other latent loyalty-related measures, or similar loyalty-related traits such as variety seeking.

Test-retest reliability. Our two measurements of consumer dispositional loyalty, taken three weeks apart, exhibited acceptable temporal reliability, with an intraclass correlation of 0.69 (Cicchetti 1994).

Table 2. Correlations between alternative measures of loyalty

	<i>CDL1</i>	<i>CDL2</i>	<i>attach</i>	<i>love</i>	<i>variety</i>	<i>satis</i>	<i>trust</i>	<i>commit</i>
Dispositional Loyalty (1 st Phase)	1.00							
Dispositional Loyalty (2 nd Phase)	0.69	1.00						
Brand Attachment	0.43	0.58	1.00					
Brand Love	0.50	0.58	0.78	1.00				
Variety Seeking	0.40	0.46	0.34	0.33	1.00			
Satisfaction	0.45	0.66	0.69	0.68	0.40	1.00		
Trust	0.45	0.66	0.63	0.62	0.35	0.78	1.00	
Commitment	0.54	0.68	0.71	0.72	0.40	0.75	0.71	1.00

Table 3. Heterotrait-monotrait ratio of correlations with alternative measures of loyalty

<i>Selected Measure</i>	<i>CDL1</i>	<i>CDL2</i>
Brand Attachment	0.47	0.64
Brand Love	0.58	0.68
Variety Seeking	0.51	0.59
Satisfaction	0.53	0.77
Trust	0.50	0.73
Commitment	0.62	0.79

Thus far, we have reported in detail the scale development and construction process. The process included item generation, data reduction, and testing convergent and discriminant validity using various well-established analytical procedures. The one-factor solution that emerged appeared to satisfy various criteria for a statistically reliable scale. However, consumer dispositional loyalty's place in the nomological framework is yet untested. That is, how might our scale of trait-based loyalty theoretically interact with the well-known phenomena of consumer loyalty. To provide insight into this nomological framework, we conducted two additional studies. Our goal was to investigate how consumers who vary in their dispositional loyalty respond to common marketplace events—a brand transgression and a price increase.

STUDY 2: EFFECT OF DISPOSITIONAL LOYALTY ON BRAND TRANSGRESSION FORGIVENESS

The primary purpose of Study 2 is to demonstrate an initial application of the dispositional loyalty scale in a consumer setting. We use the context of brand transgressions to show that the effect of self-reported antecedents of brand loyalty are different for consumers scoring high or low on the dispositional loyalty scale. Past literature has shown individual differences, such as anxiety and avoidance in attachment theory, can impact consumer responses to brand transgressions and their recovery efforts (Dommer et al. 2015). We captured participant's dispositional loyalty, then measured their self-reported relational investment antecedents (i.e., trust, commitment, and satisfaction) for one of three top 100 global brands (i.e., Starbucks, Uber, and Apple). Following this, we presented to participants a brand transgression scenario, then measured consumer's forgiveness tendencies towards the brand.

Past research has demonstrated that trust, commitment, and satisfaction are three prime antecedents for buyers to develop loyalty with a brand. Based on our nomological framework regarding where dispositional loyalty is situated, we argue that dispositional loyalty moderates the positive effects of self-reported trust, commitment, and satisfaction on a consumer's willingness to forgive a brand. Thus, we expected that individuals scoring high on the dispositional loyalty scale would see amplified effects of self-reported trust, commitment, and satisfaction. If dispositionally more loyal individuals place more weight on the importance of these relational antecedents, then we believe they should amplify the effects of those antecedents on brand transgression forgiveness.

Participants and Method

Five-hundred MTurk workers participated for a small monetary compensation. First, participants completed the dispositional loyalty scale ($\alpha = .94$, $M = 3.82$, $SD = 0.73$). Second, we randomly assigned participants to one of three top 100 global brands (i.e., Starbucks, Uber, and Apple). Participants were asked to respond to relationship investment subscales—specifically, trust, commitment, and satisfaction (De Wulf et al. 2001)—for the brand they were assigned. Third, participants read a short description of a specific transgression that had beset each brand. In the Apple condition, participants were told that Apple had failed to update their network security and experienced a data breach leaking customer information, including their own. In the Starbucks condition, participants were told that due to negligence of corporate management, an ingredient used in the production of its coffee became contaminated and made many, including themselves, sick. In the Uber condition, participants were told that Uber was caught skimming tips from its drivers, despite stating in the application that all tip money goes to its drivers. After reading about the transgression, participants were asked to indicate on a three-item scale their likelihood of *forgiving* the target brand and on a five-item scale for their likelihood of desiring to *punish* the target brand, both on 5-point Likert scales. Forgiveness was measured with items indicating how likely they would be to continue dealing with the brand, always choose the brand, and forgive their negative experience with the brand, while the likelihood to punish was measured with items such as telling others to not purchase from the target brand or supporting legal action against the target brand (1 = Strongly disagree, 5 = Strongly agree). Finally, participants completed demographic questions before being thanked for their input.

Results and Discussion

Dispositional loyalty and forgiveness intentions. Using multiple regression procedures, results of a regression analysis with random effects for each brand and robust variance estimations on the average of the three forgiveness items showed a significant interaction effect of our mean-centered dispositional loyalty scale and mean-centered trust ($\beta = 0.038$, $p_{\text{one-tailed}} = .028$). Thus, for greater levels of dispositional loyalty, the effect of self-reported relational trust with the target brand on forgiveness intentions is emboldened. Trust itself also possessed a significant main effect increasing forgiveness intentions ($\beta = 0.432$, $p < .001$), but the dispositional loyalty scale did not ($\beta = 0.027$, N.S.). When running separate analyses with the consumer dispositional loyalty scale and its interactions with commitment and satisfaction on forgiveness intentions, no such interactions with these relational antecedents was found.

Dispositional loyalty and punishment intentions. Results of similar regression analyses with random effects for each brand and robust variance estimations on the average of the five punishment-related items showed a significant interaction effect of our mean-centered dispositional loyalty scale and mean-centered commitment ($\beta = -0.043$, $p_{\text{one-tailed}} = .045$). Thus, for greater levels of dispositional loyalty, the effect of self-reported relational commitment with the target brand on punishment intentions is softened. Commitment itself also possessed a significant main effect reducing the likelihood of punishment intentions ($\beta = -0.210$, $p < .001$), but the dispositional loyalty scale did not ($\beta = 0.037$, N.S.). When running separate analyses with the consumer dispositional loyalty scale and its interactions with trust and satisfaction on punishment intentions, no such interactions with these relational antecedents was found.

Overall, the results from Study 2 remain consistent with our theorization on the impact of consumer dispositional loyalty. Despite controlling for all participants' pre-existing trust,

commitment, and satisfaction, our dispositional loyalty scale shows significant interactions between these self-reported relational investment antecedents and the likelihood to forgive or punish a brand following a brand transgression. Specifically, we see trust interacting with dispositional loyalty on the likelihood to forgive a brand following a transgression, while we see commitment interacting with dispositional loyalty on the likelihood to punish a brand following a transgression. An important implication of this finding is that simply predicting punishment or forgiveness intentions based on self-reported relationships with a brand will be biased if the consumer's individual level of dispositional loyalty is not taken into consideration.

STUDY 3: EFFECT OF DISPOSITIONAL LOYALTY ON

PRICE INSENSITIVITY AND RESISTANCE TO COMPETITIVE OFFERINGS

While Study 2 showed an initial application of the consumer loyalty scale in the context of a brand transgression, Study 3 changes the consequential variable of interest to consumers' price insensitivity and their resistance to competitive offerings after learning that a company has raised its price. In this study, we capture participants' dispositional loyalty, then measure their self-reported relational investment antecedents (i.e., trust, commitment, and satisfaction) for a top 100 global brand. Following this, we present to participants a scenario where the brand of interest has increased their prices, then measure consumers' likelihood to buy or search for competitive offerings from other brands. We expect that individuals scoring high on the dispositional loyalty scale will see amplified effects of self-reported trust, commitment, and satisfaction. If dispositionally more loyal individuals place more weight on the importance of satisfaction, for instance, then we believe this should amplify the effects of satisfaction on their price insensitivity and resistance to competitive offerings.

Method

Two-hundred twenty-eight MTurk workers participated for a small monetary compensation. First, participants completed the dispositional loyalty scale ($\alpha = .93$, $M = 3.82$, $SD = 0.70$). Participants were asked to respond to relationship investment subscales—specifically, trust, commitment, and satisfaction (De Wulf et al. 2001)—for our brand of interest, Nike. After indicating their relationship with the brand, participants were asked to imagine themselves in a short scenario. They were told to imagine they were planning on buying a particular pair of shoes from Nike, but when they went online to order them, they found that Nike had increased the price by 25%. After reading the scenario, participants were asked to indicate their likelihood of *searching for a competing offering* from another brand and their likelihood that they would *buy the shoes from Nike* regardless of the price increase, both on 5-point Likert scales. Finally, participants completed demographic questions before being thanked for their input.

Results and Discussion

Competitive search. Using multiple regression procedures outlined in Aiken and West (1991) and Hayes (2013), results of a regression analysis with robust standard errors on the likelihood of competitive search showed a significant interaction effect of our mean-centered dispositional loyalty scale and mean-centered satisfaction ($\beta = -0.144$, $p_{\text{one-tailed}} = .004$). Thus, for greater levels of dispositional loyalty, the effect of self-reported relational satisfaction with Nike further suppressed the likelihood of searching for a product to buy from a competitor. Satisfaction itself also possessed a significant main effect decreasing search intentions ($\beta = -0.494$, $p < .001$), but the dispositional loyalty scale did not ($\beta = -0.221$, N.S.). Similarly, the effect of trust also had a significant interaction with the consumer dispositional loyalty scale ($\beta = -0.139$, $p_{\text{one-tailed}} = .004$)—such that at greater levels of dispositional loyalty, the effect of self-

reported relational trust with Nike also suppressed the likelihood of searching for a product to buy from a competitor. However, this did not appear to be true of consumers' commitment to Nike—as no significant interaction between commitment and dispositional loyalty was found in this case.

Likelihood to buy. Results of similar regression analyses on the likelihood to buy from Nike, regardless of the price increase, showed a significant interaction effect of our mean-centered dispositional loyalty scale and mean-centered satisfaction ($\beta = 0.139$, $p_{\text{one-tailed}} = .006$). Thus, for greater levels of dispositional loyalty, the effect of self-reported relational satisfaction with Nike further increased the likelihood of buying. Satisfaction also possessed a significant main effect increasing the likelihood of purchasing from Nike ($\beta = 0.693$, $p < .001$), as did the dispositional loyalty scale ($\beta = 0.338$, $p = .024$). Like the competitive search results above, a separate analysis found that the effect of trust also had a significant interaction with the consumer dispositional loyalty scale ($\beta = 0.138$, $p = .016$)—such that at greater levels of dispositional loyalty, the effect of self-reported relational trust with Nike also increased the likelihood of buying regardless of the price increase. However, a final analysis with the consumer dispositional loyalty scale and its interactions with commitment on likelihood of buying revealed no significant interaction.

In sum, the results from Study 3 remain consistent with our theory on the impact of consumer dispositional loyalty, and with the results seen in Study 2. Consistently, the effect of prior self-reported relational antecedents such as trust, commitment, and satisfaction appear to be amplified by our dispositional loyalty scale. Specifically, in the case of Study 3, we see both satisfaction and trust interacting with dispositional loyalty, increasing the overall likelihood to

buy from a brand despite a price increase, while decreasing the overall likelihood of searching for products from competing brands.

GENERAL DISCUSSION

Developing and enhancing customer loyalty is one of the most important goals of marketing. Despite its undeniable importance, loyalty research yet lacks a complete understanding of all the aspects of customer loyalty. In this paper, we asserted that a deeper understanding of customer loyalty may be guided by conceptualizing a dispositional component. Accordingly, we developed a reliable, valid, and generalizable scale for dispositional loyalty that may be transferable across multiple consumer domains. We believe that we are the first to comprehensively document such a scale, its development, and its consequences in the nomological framework—and further contend that this undertaking holds substantive theoretical and managerial implications.

Theoretical Implications

Prior research has characterized customer loyalty largely as a collection of behaviors and attitudes measured through positive WOM or repeat purchases; doing so has led to measures of loyalty that suffer from explanatory issues due to their vague and ad hoc nature (Dick and Basu 1994; Watson et al. 2015). Our conceptualization of dispositional loyalty integrates the psychological underpinnings and origination of loyalty in the consumer and explains additional variance above and beyond brand-specific proxies of behavioral and attitudinal loyalty through relational antecedents such as trust, commitment, and satisfaction.

Specifically, we have built an integrated framework of customer loyalty by exploring its antecedents and structure. This framework allowed us to construct a generalizable scale of dispositional loyalty that possesses broad theoretical implications across many domains of

consumer research. For example, we have shown that dispositional loyalty interacts with relational antecedents when predicting consumers' switching behaviors after price changes and intent to maintain a relationship with a brand following a transgression.

We feel that our research reveals that failing to consider dispositional loyalty can lead to mispredictions, and even misinterpretations, about how consumers will respond to various consumption scenarios if only firm-specific antecedents are taken into account. Thus, dispositional loyalty is an important theoretical antecedent that must be considered when holistically viewing the customer loyalty construct, less predictions based on these antecedents be biased.

Managerial Implications

The dispositional loyalty scale holds several managerial implications. First, the scale could help identify consumers who may be even more motivated to stay in a relationship with a brand, product, or service, above and beyond those who the brand has already identified as loyal. Understanding which customers are innately loyal, though, is a nontrivial task. Using the scale, managers would have ability to detect consumers who are more likely to stay, which could lead to a company engaging in strategies that offer a competitive advantage. This could, in turn, help managers in reducing their overall investment in customer relationship management. Specifically, by utilizing our scale to identify dispositionally more loyal customers, managers may be able to decrease the investments necessary to retain these customers (e.g., they are less likely to switch when a firm raises its prices) and, thus, make them overall more profitable for the firm over the course of the customer's lifetime.

Similarly, if managers can identify dispositionally-loyal consumers, then segmentation by dispositional loyalty could lead managers to develop unique strategies for interacting with

customers displaying different degrees of loyalty. Conceivably, the optimal strategies managers use will differ by dispositional loyalty. Further, as more firms move to subscription or service-based enterprises, being able to identify individual loyalty differences allows for more precise targeting of one-to-one marketing activities. For example, rather than treating all customers subscribing to a service for similar amounts of time similarly (i.e., they appear to possess similar behavioral/attitudinal loyalty), identifying which consumers are high and which are low on dispositional loyalty would likely guide how the firm should interact with each consumer. Overall, acute cognizance of the nature of customer loyalty and its psychological drivers can help practitioners develop and test tactics that should increase “true” loyalty.

Limitations and Future Research Directions

Our investigation was aimed at documenting loyalty as a disposition, along with devising a reliable and valid scale to measure it. An important theoretical consideration that we did not address is whether this scale is amenable to situational manipulation of loyalty, thus affording findings of causal relationships. The question yet remains whether, and to what extent, such a manipulation will reflect the enduring effects of dispositional loyalty, which may be more abiding than its situational induction.

Further, as discussed above, ability to segment on dispositional loyalty could lead to development of marketing strategies for the management of loyal and non-loyal consumers. However, our work does not attempt to prescribe the manner in which dispositionally loyal consumers may be discriminated. Further empiricism on the subject would aid in discerning discriminating factors that can lead to dispositional loyalty without necessitating use of the dispositional loyalty scale. For example, the writing patterns of consumer reviews may be unique between dispositionally more and less loyal consumers. If associations between dispositional

loyalty and review-writing patterns could be established, then firms by proxy would be able to identify the nature of their consumers' dispositional loyalty without needing to administer to each customer the dispositional loyalty scale.

Finally, although we believe that we have tested the validity of our scale across a variety of consumption-relevant contexts, we do not purport to have covered all possible areas in which dispositional loyalty may be a relevant factor. Our efforts do not propose that all possible traditional consequences of customer loyalty necessarily occur when customers are dispositionally more loyal. Thus, identifying areas where the consequences of traditional metrics of behavioral and attitudinal loyalty diverge from dispositional loyalty, or the boundary conditions where consumers overcome their dispositional loyalty, provide interesting areas for future research.

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WEB APPENDIX A. Illustrative measures of customer loyalty

<i>Measure</i>	<i>Source</i>	<i>Brand or Customer-Specific?</i>
Brand Attachment	Park et al. (2010)	Brand
Brand Love	Batra et al. (2012)	Brand
Relationship Quality [Trust, Commitment, Satisfaction]	De Wulf et al. (2001)	Brand
Self-Brand Connection	Escalas and Bettman (2003)	Brand
Brand Identification	Stokburger-Sauer et al. (2012)	Brand
Brand Trust	Chaudhuri and Holbrook (2001)	Brand
Five-Component Customer Commitment	Keiningham et al. (2015)	Brand
Consumer Relationship Proneness	De Wulf et al. (2001)	Customer
Variety Seeking	Rohm and Swaminathan (2004)	Customer
B2B Trait Loyalty	Bennett and Rundle-Thiele (2000)	Customer

WEB APPENDIX B

ITEMS USED IN EXPLORATORY FACTOR ANALYSIS (BOLDED MEANS IN FINAL SCALE)

- 1 I am oriented toward the long-term future of our relationship (for example, I imagine using a brand years from now).
- 2 Even if my favorite brand, product, or service would be more difficult to obtain, I would still continue purchasing it.
- 3 Even though I intend to remain loyal to the brand, product, or service I like now, I still keep my eye out on other alternatives. [Reversed]
- 4 **Generally, I am someone who likes to be a regular customer of a company or service.**
- 5 **Generally, I am someone who wants to be a steady customer of the same company or service.**
- 6 I actively search for brands or products I like until I find them.
- 7 I am as loyal to my favorite brands, products, or services as I was 5 years ago.
- 8 I am satisfied with the brands, products, or services I currently have in my life.
- 9 I am willing to make financial, convenience, and/or other sacrifices in order to keep using the brand, product, or service that I like.
- 10 I expect my service provider to be there for me in time of need and I do the same in return.
- 11 I genuinely care about the business that provide me with the best service.
- 12 **I intend to remain loyal to the products or services I like now.**
- 13 I like having the freedom of being able to switch service providers whenever I can. [Reversed]
- 14 I often make sacrifices for my friends and family if I feel that it will help our relationship.
- 15 I take pride in maintaining long-term and meaningful relationships.
- 16 I weigh pros and cons before entering into a contract relationship with a service provider.
- 17 I would be very happy to continue using my favorite brand, product, or service for as long as I can.
- 18 I would rather stick with a brand I usually buy than try something I am not very sure of.
- 19 If I am not satisfied with a product, brand or service, I will look elsewhere for a better product, brand or service. [Reversed]
- 20 If I am satisfied with a brand, product, or service, I immediately stop looking for alternatives.
- 21 If I search for a new product or service, I want to find one with whom that I could potentially have a long-term relationship.
- 22 In general, I see myself as a very loyal person.
- 23 **In general, it is easy for me to stay loyal to a brand, product, or service.**
- 24 **Once I found a product or service that I truly like, I tend to stay with that product or service.**
- 25 **Once I make a commitment to a certain brand, product, or service, I tend to stick with it.**
- 26 Satisfaction is an absolute key for me to remain loyal to a brand, product, or service.
- 27 Satisfaction with a product or service is the main reason I choose to pay for that product or service.

WEB APPENDIX C

Brand Transgression Scenario (Study 2)

Apple Condition

Imagine that **Apple** did not appropriately update its network security, which allowed hackers to breach their network and leak customer data and information—including your own. Please answer the following questions as to how you would respond in this scenario.

Starbucks Condition

Imagine that due to negligence on the part of **Starbucks** corporate management, an ingredient used in the production of its coffee became contaminated—resulting in thousands of people, including yourself, contracting food poisoning.

Uber Condition

Imagine that **Uber** advertises a policy that 100% of any tip left in the app goes to the driver, only for it to be discovered that Uber 'skims' a sizeable portion of this tip money to pay for other miscellaneous corporate expenses.

Price Increase Scenario (Study 3)

Imagine that one day you were planning on buying a particular pair of shoes from Nike but when you go online to order them, you discover that **Nike has risen the price by 25%**.