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Antecedents and Consequences of Brand Loyalty

Summary

The objective of this paper is to review, systematize, and summarize empirical research on the antecedents and consequences of brand loyalty. The literature review has identified five categories of antecedents to brand loyalty associated with consumer, brand, social, corporate and relational factors. The type of loyalty formed varies according to the combination of various antecedents, with premium loyalty being considered the most desirable. Apart from summarizing the literature on brand loyalty, this review has practical implications for marketing managers. Customer expectations at each stage of the customer decision process must be understood, and therefore combined with the various antecedents to incite premium loyalty. Managers must apply not just behavioural but also affective components in their marketing strategies to achieve optimal results.

Key words: brand loyalty, antecedents of loyalty, consequences of loyalty.

JEL codes: M31, M37

Introduction

Brand loyalty is a well-recognized dimension of brand equity, as proposed by Aaker (1991). Brand loyalty further translates into marketing benefits such as greater trade leverage, reduced marketing costs (Aaker 1991), favourable word-of-mouth, resistance to counter persuasion (Dick & Basu 1994), willingness to pay premium prices (Yeh et al. 2016) and increased shareholder value (Larivière et al. 2016). Given these advantages, academics have extensively stressed the importance of loyalty in the context of fostering repeat purchases (Mabkhot et al. 2016). Moreover, given the proliferation of branded products, the complex competitive landscape and challenging economies (Elbedweihy et al. 2016), the relevance of the brand loyalty concept remains undiminished for businesses. The concept itself has expanded rapidly since Dick and Basu’s (1994) pioneering paper, which introduced attitudinal disposition in addition to the behavioural measures to define loyalty. Furthermore, Oliver’s (1999) definition of loyalty as “a favourable attitude towards a brand that results in intentions to repurchase and recommend” (Yeh et al. 2016, p. 247) remains widely accepted, incorporating both the attitudinal and behavioural dimensions. Although, with regards to the antecedents of loyalty, satisfaction, perceived quality, brand trust and brand value remain the most discussed, the importance of others such as brand associations, CSR activities and
brand engagement (e.g., Aksoy et al. 2015; Leckie, Nyadzayo & Johnson 2016; Lu & Xu 2015) cannot be disregarded for their psychological contributions to customer attitude.

Thus, despite the literature on brand loyalty being substantial, outcomes regarding its antecedents are highly varied and contradictory (Kim et al. 2009; Biedenbach et al. 2015). No literature review has been published summarising the extant research on the antecedents and consequences of loyalty, for academics and practitioners to appreciate. Therefore, the objective of this paper\(^1\) is to bridge this gap by systematically reviewing and summarising empirical research on the antecedents and consequences of brand loyalty through the means of a literature review. Although a marketer’s main aim is to provide a measurable marketing performance (Kotler & Armstrong 2015), it is beyond the scope of this paper to analyse loyalty measurement scales.

### Antecedents of loyalty

**Consumer antecedents**

Antecedents which relate to an individual consumer’s behaviour, attitude or situation have been classified as consumer antecedents. This consists of different terms used by authors in different studies, such as nostalgia, emotions, brand commitment and consumer attitude. As Belk (1988) argues, individuals use different possessions to maintain multiple-levels of self, which differ for all individuals over time and culture. Similarly, it can be argued that individuals use different cues to direct their brand loyalty, as dictated by their possessions and attitude. The most debated consumer antecedent is brand satisfaction, where authors have demonstrated its direct impact on loyalty (Jorgensen et al. 2016; Amoako et al. 2016; Hultman et al. 2015), whilst others have argued for the necessity of other antecedents to mediate the satisfaction-loyalty relationship (Andrine & Solem 2016; Bolton & Mattila 2015). Yet, some authors refute satisfaction’s role completely in fostering loyalty (Demirbag-Kaplan et al. 2015), and encourage the exploration of other consumer factors such as demographics (Che & Seetharaman 2009; Lam & Shankar 2014) and self-identity (Ruane & Wallace 2015; Jones & Kim 2011) in the loyalty formation process.

**Brand antecedents**

Gounaris and Stathakopoulos (2004) maintain that individuals seek value from a purchase transaction and cost incurred, which is provided by product characteristics. Thus, this category includes all antecedents that are equated to the elements of the brand (name and symbol - Aaker 1991) that determine value for individuals (Gounaris & Stathakopoulos

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\(^1\) To achieve the stated objective, 145 articles published between 2007 and 2017 (EBSCO – access: 11 Jan. 2017) from marketing journals (e.g., *Journal of Marketing, Journal of Brand Management, Psychology and Marketing, Journal of Services Research*) and other business journals (e.g., *Advances in Consumer Research, Journal of Consumer Research, Journal of Business Research*) were reviewed.
This category further includes terms from the literature studied, such as perceived quality, brand personality and brand associations. These antecedents help consumers distinguish between competing brands and drive satisfaction, as with the case of perceived value (El-Manstrly 2016; Ramaswami & Arunachalam 2016). Furthermore, brand antecedents like brand innovation and perceived quality can determine the success of new products through loyalty for brand extensions (Pappu & Quester 2016). Therefore, by the logic of the uncertainty reduction theory (Patterson 2016), consumers use these brand antecedents to reduce risk, increase value and direct their loyalty.

**Social Antecedents**

Rooted in the theory of reasoned action (Fishbein & Ajzen 1975), Gounaris and Stathakopoulos (2004) maintain that individual purchase decisions are subjected to heavy influence by social norms. This category includes five different terms that authors have used to describe social influence on loyalty. The most discussed of these is the influence of peer groups or reference groups (Huang et al. 2015; Podoshen & Andrzejewski 2012). Given the influence of online social networks on communication patterns, and the constant exchange of information, consumers’ purchase decisions are increasingly guided by peer norms and recommendations (Bowen & McCain 2015; Edelman 2010). In this light, consumers define their self-identity by being loyal to brands which reflect their social attachment to similar consumers in a group (He et al. 2012; Jones & Kim 2011).

**Corporate antecedents**

Brown and Dacin (1997) maintain that consumers may hold multiple cognitive associations about a company, such as its corporate ability, corporate evaluation, and corporate social responsibility. These factors in combination with consumer, brand, and social antecedents may influence brand preference, and thereby loyalty and profitability (Fatma et al. 2016; Bolton & Mattila 2015). However, there remain contradicting views about the effect of these antecedents. For example, Kim et al.‘s (2010) research shows that firm ethicality only indirectly influences loyalty in the US market mediated by product beliefs. Conversely, Bowen & McCain (2015) argue that CSR has a direct influence on both millennial customer and employee choices when picking brands, thereby driving loyalty.

**Relational antecedents**

This category involves antecedents, which arise as a result of consumer-brand interactions. It consists terms such as brand engagement, involvement and experience. From the above, the most discussed antecedents in literature were brand relationship and brand experience. To differentiate themselves from competitors, brands are increasingly required to create enticing hedonic experiences for consumers (Ramaseshan & Stein 2014) that comple-
ment their utilitarian requirements (Srivastava & Kaul 2016). Similarly, brand relationship is an indicator of consumer brand engagement (Veloutsou 2015), which in turn incites positive or negative emotions towards a brand, dictating loyalty in case of strong positive emotions (de Villiers 2015). However, Raïes et al. (2015) research in the context of brand communities indicates that strong engagement is insufficient to entice loyalty. Instead, engagement needs to be mediated by affective, calculative and normative commitment for loyalty to arise.

Approaches to loyalty

Behavioural loyalty

Behavioural loyalty is recognised as a consumer’s intent and action of repurchasing the same product or service over time (American Marketing Association 2012; Demirbag-Kaplan et al. 2015; Dick & Basu 1994). Dawes et al. (2015) maintain that marketers are more interested in learning about behavioural loyalty as it directly translates into higher sales revenue. Behavioural loyalty may be motivated by a combination of antecedents such as lack of alternatives, high switching-costs, price promotions, individual collectivist values, and demographics (Blut et al. 2015; Empen et al. 2015; Thompson et al. 2014; Russell-Bennett et al. 2013). Behavioural loyalty in the absence of attitudinal loyalty is considered to achieve only short-term success for the brand (Maity & Gupta 2016; Cossío-Silva et al. 2016). It is expected that in the presence of other alternative brands and situational changes, the consumer is likely to switch to a competing brand (Gounaris & Stathakopoulos 2004). Such loyalty is referred to as spurious loyalty (Dick & Basu 1994) or phantom loyalty (Oliver 1999) or even inertia loyalty (Gounaris & Stathakopoulos 2004). Benefits sought from such purchases may purely be utilitarian or symbolic (Hollebeek et al. 2014) and are driven by cognition and conation (Oliver 1999; Dick & Basu 1994).

Attitudinal loyalty

Attitudinal loyalty is defined as the consumers’ devotion and attachment towards, and closeness with a brand (Casidy & Wymer 2015; Casidy & Wymer 2016; Haryanto et al. 2016). In this instance, the consumer displays an internal dispositional commitment (Chaudhuri & Holbrook 2001), which allows brands to form enduring relationships with them based on deep motivation-based understanding (Ramaswami & Arunachalam 2016). Similar to behavioural loyalty, attitudinal loyalty may be encouraged through a combination of antecedents such as brand relationships, consumer satisfaction, brand attitude, self-concept and brand value (Haryanto et al. 2016; Brexendorf et al. 2010; Russell-Bennett et al. 2013; Rubio et al. 2015). However, attitudinal loyalty in the absence of behavioural loyalty may not translate into higher revenue for firms (Watson et al. 2015; Srivastava & Kaul 2016). This may be due to factors such as lack of financial means or unavailability of products in customer’s domicile (Gounaris & Stathakopoulos 2004; Puligadda et al. 2012).
Authors refer to this kind of loyalty as *latent loyalty* (Dick & Basu 1994) or *covetous loyalty* (Gounaris & Stathakopoulos 2004), which is emotional in nature (Elsäßer & Wirtz 2017). Benefits derived from such purchases can be hedonic or symbolic (Hollebeek et al. 2014) and are motivated more by affection and conation (Oliver 1999; Dick & Basu 1994).

**Multidimensional loyalty**

Most studies examined postulate that for loyalty to occur, both dimensions of loyalty, that is behavioural and attitudinal, need to exist simultaneously (Love et al. 2016; Coelho do Vale & Matos 2017; Pedeliento et al. 2016; Rauyruen & Miller 2007; Cossio-Silva et al. 2016). This multidimensional approach to loyalty is also referred to as the *composite approach* (Rauyruen & Miller 2007; Kaynak et al. 2008; Kabiraj & Shanmugan 2011). This implies that customers are brand loyal when they demonstrate cognitive, affective and conative preference for a brand (Oliver 1999). Thus, brand loyal customers hold a deep favourable commitment towards the brand, which is reflected in their repeat purchase actions, despite the marketing efforts of competing brands (Oliver 1999; Chaudhuri & Holbrook 2001). Thus, at this stage, a combination of behavioural and attitudinal antecedents is required to encourage action level of loyalty (Oliver 1999). Whilst some authors have treated attitudinal and behavioural loyalties as separate constructs entirely (e.g. Dawes et al. 2015; Cardinale et al. 2016; Krystallis & Chryssochou 2014; Romaniuk & Nenycz-Thiel 2013; Pare & Dawes 2012), others have conducted empirical research to demonstrate that attitudinal loyalty results in behavioural loyalty (e.g. Jorgensen et al. 2016; Lu & Xu 2015; Watson et al. 2015; Bandyopadhyay & Martell 2007). Literature have referred to such loyalty as *premium loyalty* (Gounaris & Stathakopoulos 2004) or *ultimate loyalty* or *true loyalty* (Oliver 1999), which is the optimal kind of loyalty firms should aspire to achieve (Maity & Gupta 2016; Kim et al. 2008).

**Consequences of loyalty**

**Consequences of behavioural loyalty**

This category includes those benefits that result due to consumers’ repeat purchase actions. These are financial in nature, and are more beneficial for the firm or brand rather than consumers. The most commonly identified consequence of behavioural loyalty is repeat purchase intention (Ipek et al. 2016; Palmer & Bejou 2016; Lopes & da Silva 2015). Higher sales in-turn would translate into higher market share (Yeh et al. 2016; Kabiraj & Shanmugan 2011) and increased profitability (Revilla-Camacho et al. 2015; Watson et al. 2015). Finally, this would lead to higher return on investment (Kabiraj & Shanmugan 2011) and rise is shareholder value (Larivière et al. 2016). However, these consequences are short-term (Maity & Gupta 2016; Cossio-Silva et al. 2016) and may not hold if the consumers’ situation changes and they are in a position to purchase a competing brand regularly.
Consequences of attitudinal loyalty

Consequences of attitudinal loyalty include those that arise due to consumers’ favourable attitude towards the brand. They may include benefits both for the firm and the consumers. The most commonly discussed of these is favourable word-of-mouth (e.g., Podoshen 2008; Sirakaya-Turk et al. 2015; El-Manstrly 2016; Casidy & Wymer 2016). Due to its affective nature, consumers perceive the brand to have a higher value (Palacios-Marques et al. 2016; Revilla-Camacho et al. 2015) as compared to competitor brands, and are therefore willing to accept premium prices for products (Nagar 2014; Jensen & Drozdenko 2008). Consumers are also likely to resist persuasion efforts by other brands (Dick & Basu 1994; Diallo et al. 2010; Thompson & Sinha 2008), giving the preferred brand a higher brand equity (Biedenbach et al. 2015; Saleem et al. 2015). From a consumer’s perspective, Kim et al. (2008) maintain that loyalty towards a brand signals achieved expectations, which implies consumer happiness (Aksoy et al. 2015). However, consequences of attitudinal loyalty alone cannot determine a brand’s success. For example, acceptance of premium prices and favourable word-of-mouth in the absence of purchase intention will not lead to business growth (Maity and Gupta 2016).

Consequences of multidimensional loyalty

Premium loyalty, which encompasses both behavioural and attitudinal dimensions, is expected to therefore result in both categories of consequences. Indeed, authors who have empirically researched loyalty from a multidimensional approach have reported consequences both behavioural and attitudinal in nature (e.g., Podoshen 2008; Aspara 2009; Kabiraj & Shanmugan 2011; Puligadda et al. 2012; Revilla-Camacho et al. 2015; Yeh et al. 2016). Therefore, premium loyalty can result in long-term success for the brand (Maity & Gupta 2016) indicating the concept’s importance in the marketing literature.

Conclusions

This literature review on brand loyalty has identified five categories of antecedents to brand loyalty i.e., consumer, brand, social, corporate and relational loyalty types. Literature indicates that any single kind of antecedent is insufficient to incite consumer brand loyalty. Instead, brand loyalty encompasses consumer, brand, social, corporate and relational antecedents. The kind of loyalty formed (spurious, latent and premium) varies according to the combination of various antecedents, with premium or true loyalty being considered the most optimal. There is a notable agreement within the large body of literature about the multidimensional perspective of loyalty, consisting of both behavioural and attitudinal components, as suggested by Dick and Basu (1994). Furthermore, studies have proposed that spurious loyalty can result in behavioural consequences, latent loyalty in attitudinal consequences, and premium loyalty in both behavioural and attitudinal consequences.
This literature review contributes to the brand literature in two ways. First, this is the paramount paper to summarise the various empirical studies conducted on the antecedents and consequences of brand loyalty. This paper discussed the empirical studies of the last decade that have demonstrated the importance of additional antecedents in loyalty formation beyond the widely accepted satisfaction, perceived value, and brand trust antecedents (He et al. 2012), and ultimately its varied consequences. Secondly, this study provides academics with a clear link between the antecedents, loyalty dimensions, and its respective consequences, which has never been attempted before.

The practical implications of this study for marketing managers are twofold. Customer expectations at each stage of the customer decision journey must be understood, which can be combined with the various antecedents to incite premium loyalty. For example, in the post-purchase stage, brands can utilise multiple engagement strategies both online and offline, in keeping with customer demographics to convert satisfaction and perceived quality into consumer-brand relationships, and consequently repurchase intentions and favourable word-of-mouth. Thus, managers must apply not just behavioural but also affective components in their marketing strategies to yield long-term results.

There remain some limitations with this study that provide further scope for future research. This study has been limited to papers between 2007 and 2017 due to its focus on the most recent research and only papers with brand loyalty as a dominant focus have been included. Papers with a focus on related concepts like brand satisfaction, brand engagement and brand equity were excluded.

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ANTECEDENTS AND CONSEQUENCES OF BRAND LOYALTY


Źródła i konsekwencje lojalności wobec marki

Streszczenie

Celem artykułu jest dokonanie przeglądu, usystematyzowanie i podsumowanie badań empirycznych dotyczących źródeł i konsekwencji lojalności wobec marki. Przegląd literatury pozwolił zidentyfikować pięć kategorii czynników poprzedzających lojalność wobec marki związanych z: konsumentem, marką, społecznością, firmą i relacjami. Typ lojalności kształtuje się w zależności od kombinacji różnych czynników poprzedzających, przy czym najwyższy poziom lojalności (premium) jest uważany za najbardziej pożądany. Oprócz podsumowania literatury dotyczącej lojalności wobec marki, przegląd ten ma praktyczne konsekwencje dla menedżerów marketingu. Oczekiwania klientów na każdym etapie procesu decyzyjnego muszą
być zrozumiane po to, by móc do nich dopasować odpowiednie czynniki skłaniające do wykształcenia najwyższej lojalności. Aby osiągnąć optymalne rezultaty, menedżerowie realizując strategie marketingowe muszą wykorzystywać nie tylko elementy wpływające na zachowanie konsumentów, ale również te wpływające na ich emocje.

Słowa kluczowe: lojalność wobec marek, źródła lojalności, konsekwencje lojalności.

Kody JEL: M31, M37

Источники и последствия лояльности по отношению к бренду

Резюме

Цель статьи – провести обзор, систематизировать и подвести итоги эмпирических исследований, касающихся источников и последствий лояльности по отношению к бренду. Обзор литературы позволил выявить пять категорий факторов, предшествующих лояльности по отношению к бренду, связанных с потребителем, брендом, обществом, фирмой и отношениями. Тип лояльности формируется в зависимости от набора разных предшествующих факторов, причем самым высоким уровнем лояльности (premium) считают наиболее желательным. Наряду с подведением итогов обзора литературы, касающейся лояльности по отношению к бренду, у этого обзора есть практические последствия для менеджеров маркетинга. Ожидания клиентов на каждом этапе процесса принятия решений должны быть понятными для того, чтобы мочь приспособить к ним соответствующие факторы, склоняющие к сформированию самой высокой лояльности. Чтобы достичь оптимальных результатов, менеджеры, осуществляя маркетинговые стратегии, должны использовать не только элементы, влияющие на поведение потребителей, но и те, которые влияют на их эмоции.

Ключевые слова: лояльность по отношению к брендам, источники лояльности, последствия лояльности.

Коды JEL: M31, M37

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