



INFLUENCE OF COMMITMENT, SATISFACTION AND TRUST ON LOYALTY WITH CONTROL EFFECT OF AGE AND GENDER

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ABSTRACT

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The traditional transactional marketing approach focuses on the completion of transactions for generating profits. The relationship marketing paradigm emphasizes the creation of enduring and long-term relationships with key clients. Companies employ several tools for enhancing customer loyalty. The present study investigates the influence of commitment, satisfaction, and trust on loyalty. The study also controls for the effect of age and gender on proposed relationships. Data was collected from 846 mobile phone users. Smart PLS was used to test the structural model. Results found a significant influence of commitment, satisfaction, and trust on loyalty. Age and gender were found to have no effect on loyalty.

KEY WORDS: *Commitment, Satisfaction, Trust, Loyalty, Age, Gender.*

INTRODUCTION

Marketing academics and practitioners have considered the establishment of long-term customer relationships as a key goal of relationship marketing (Agustin and Singh, 2005). Previous empirical research has established the benefits of retaining existing customers rather than acquiring new ones (Heskett et al. 1994). Empirical studies by Reichheld and Sasser (1990) in various industries have established an empirical link between customer loyalty and profitability. The loyal customer base results in various advantages to the firm such as increased revenue from repurchases and cross-selling; lower servicing costs and free word-of-mouth recommendation (Reichheld 1996; Anderson and Sullivan 1993; Zeithmal, Berry and Parasuraman 1996). Numerous studies have found positive effects of customer satisfaction, trust and commitment on loyalty. The present study is being conducted to examine the influence of commitment, satisfaction and trust on loyalty. The study also controls the effects of age and gender on the proposed relationships.

CONCEPTUAL FRAMEWORK OF STUDY

Commitment

The marketing literature posits commitment as one of the key constructs for creation and maintenance of long-term relationships. Commitment is defined as a deep psychological bond between the company and consumer (Fullerton 2005). Commitment is defined as “an enduring desire to maintain a valued relationship” (Moorman, Zaltman and Deshpande 1992).

Satisfaction

Customer satisfaction is considered an affective attitude that consumers experience after the purchase of a product. The concept of satisfaction represents a customer’s emotional response to the perceived difference between pre-purchase product performance expectations and post-purchase product performance (Hennig-Thurau and Hansen 2000).

Trust

The marketing literature considers trust an important ingredient for the development of close relationships between the company and its clients. Trust represents the willingness of one party to rely on the exchange partner in whom they have confidence (Moorman, Deshpande and Zaltman 1993). According to Morgan and Hunt (1994), trust exists when one party in exchange transaction has confidence on other party’s reliability and integrity.

Loyalty

According to Odin et al., (2002) loyalty measures the intensity of an individual to a branded product. Chaudhuri and Holbrook (2001) posit that attitudinal loyalty represents the degree of psychological attachment of a customer and advocacy towards the brand.

Development of Hypotheses and Proposed Model

The proposed model is shown in Figure I. The hypotheses for the study are explained below:

Commitment and Loyalty

As per Gustafsson, Johnson and Roos (2005), commitment creates ‘stickiness’ that keeps consumers engaged towards a brand. In a study of hotel and airline industry, Pritchard, Havitz and Howard (1999) revealed that higher levels of commitment lead to

higher levels of loyalty. Chenet, Dagger and O’Sullivan (2010) also reported significant influence of commitment on word-of-mouth recommendation. Thus, the relationship between commitment and loyalty is hypothesized as being:

H5: Commitment relates positively to loyalty.

Satisfaction and Loyalty

Previous studies report customer satisfaction is a key variable for loyalty and repurchase intentions (Jones and Sasser 1995; Seiders et al. 2005). In six industries, Cronin, Brady and Hult (2000) demonstrated the positive influence of customer satisfaction on loyalty. Liu, Guo and Lee (2011) found that satisfaction positively influences customer loyalty in the mobile phone industry. Thus, the relationship between satisfaction and loyalty is hypothesized as being:

H2: Satisfaction relates positively to loyalty.

Trust and Loyalty

In relational exchanges, Garbarino and Johnson (1999) provide that trust is a primary predictor of repurchase intentions. In a study of online books and flight purchasing, Harris and Goode (2004) reported that trust is major antecedent of loyalty. Ndubisi (2007) also reported a positive relationship between trust and customer loyalty. Thus, the relationship between trust and loyalty is hypothesized as being:

H3: Trust relates positively to loyalty.

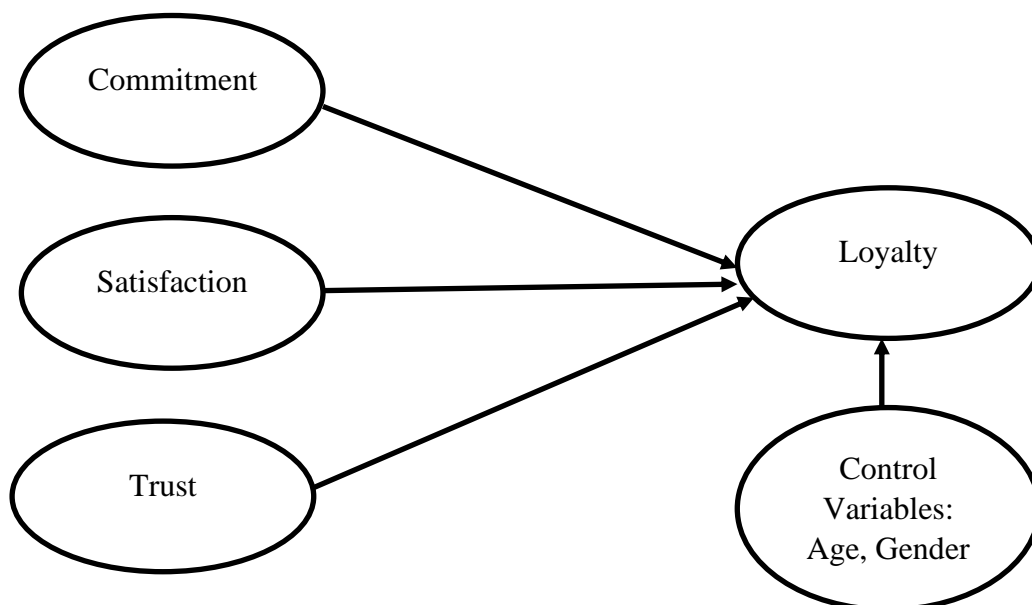


Figure I: Proposed Model

RESEARCH METHODOLOGY

A structured questionnaire was used for the purpose of data collection. The questionnaire was divided into two sections. In the first section, we included statements for measurement of constructs, which were anchored on a 7-point Likert Scale ranging from “very strongly agree” to “very strongly disagree”. In the

second section, questions gender, age, occupations, education and family income were asked. The sampling unit for the study was mobile phone users. A printed version of the questionnaire was given to 900 respondents using convenience sampling. A total of 846 usable responses were obtained for an overall

response rate of 94 per cent. Table 1 gives demographic profile of respondents.

Table 1: Demographic Distribution of Sample

Variable	Count	%	Variable	Count	%
Gender			Marital Status		
Male	492	58.2	Single	807	95.4
Female	354	41.8	Married	39	4.6
Age (years)			Education		
Below 20	22	2.6	Under-graduate	169	20.0
20-24	741	87.6	Graduate	415	49.1
25-30	80	9.5	Post Graduate	255	30.1
Above 30	3	0.4	Doctorate	7	0.8
Occupation			Monthly Income		
Government Sector Employee	22	2.6	Below 15000	214	25.3
Private Sector Employee	118	13.9	15001-25000	316	37.4
Self-employed	4	0.5	25,001-35,000	188	22.2
Business Man	27	3.2	35,001-45,000	60	7.1
Student	675	79.8	Above 45,000	68	8.0

RESULTS

Measurement Model

The first step, in the evaluation of the measurement model, is the reliability and validity of the indicators and constructs. The indicator's reliability is tested using outer loadings that are above the threshold limit i.e. 0.708 (Hair, et al., 2022), except for indicators AL1, and AL2. These indicators were not removed from the model as the AVE values of these constructs

were above 0.5 (Hair, et al., 2022). The internal consistency is tested using the Cronbach alpha values, and composite reliability. The values of Cronbach alpha and composite reliability were above the threshold limit i.e. 0.5 (see Table 2). Average variance extracted (AVE) values were used to check the convergent validity of the constructs. All the AVE values were above 0.5 (Hair, et al., 2022), thus the convergent validity is also established.

Table 2: Measurement Model

Construct	Items	Outer Loadings	Cronbach's α	rho A	CR	AVE	Discriminant Validity
Commitment	C1	0.773	0.847	0.926	0.903	0.757	Yes
	C2	0.907					
	C3	0.922					
Loyalty	L1	0.670	0.784	0.812	0.846	0.526	Yes
	L2	0.622					
	L3	0.740					
	L4	0.779					
	L5	0.801					
Satisfaction	SAT1	0.867	0.827	0.827	0.897	0.743	Yes
	SAT2	0.871					
	SAT3	0.848					
Trust	TR1	0.874	0.859	0.869	0.914	0.78	Yes
	TR2	0.862					
	TR3	0.913					

The Discriminant validity of the constructs was tested by employing Heterotrait-monotrait ratio (HTMT) values that were less than 0.85 (see Table 3). Thus, the

discriminant validity of the constructs was also established.

Table 3: Heterotrait-monotrait ratio (HTMT) values

	Loyalty	Commitment	Satisfaction
Loyalty			
Commitment	0.205		
Satisfaction	0.326	0.053	
Trust	0.507	0.235	0.169

Structural Model

The structural model is the subsequent step to the measurement model. The structural model analyse the link between the constructs. Before analysing this link, the common method biasness is tested using inner-model VIF values. As indicated in Table 4, all the VIF values were less than 3.33 (Hair, et al., 2022), thus there was no problem of common method biasness.

Subsequently, the path model was assessed using the bootstrapping procedure. The bootstrapping procedure was used with 10,000 sub-samples at 95% significance level. On analysing the data, it was found that commitment (AC), satisfaction (SAT), and trust (TR), have significant effect on loyalty, at 0.001 significant level ($\rho < 0.001$). All the independent variables i.e. commitment ($\beta=0.113$), satisfaction ($\beta=0.214$), and trust ($\beta=0.39$) positively affects loyalty, thus H1, H2, and H3 are supported (see Table 4).

Table 4: Structural Model

	Path	VIF	β	t-value	p-value	Results	f ²	R ²
H1	C -> Loyalty	1.055	0.113	3.543	0.000	Supported	0.016	
H2	SAT -> Loyalty	1.033	0.214	6.273	0.000	Supported	0.059	0.251
H3	TR -> Loyalty	1.076	0.39	13.497	0.000	Supported	0.189	

Further, the effect of control variables (age and gender) was also analysed. As indicated in the Table

5, age and gender has not a significant effect on Loyalty ($\rho > 0.05$).

Table 5: Path coefficients of control variable

	Path	β	t-value	p-value	Results
	Age-> Loyalty	0.024	0.775	0.439	Not Significant
	Gender-> Loyalty	0.07	1.145	0.252	Not Significant

Furthermore, the explanatory power of the model is checked using R² (Coefficient of determination). The value of R² is 0.251 which explains the small to medium explanatory power of the model (see Table 4). F² statistics indicate the strength of the relationships of the model. As depicted in the Table 4, the effect of commitment is very small (f²= 0.016), satisfaction is small (f²= 0.059), trust is medium to high (f²=0.189).

CONCLUSION

Results revealed a positive influence of commitment, satisfaction and trust on loyalty. We did not find any effect of age and gender on the links between commitment, satisfaction, trust and loyalty. The findings emphasize the significant influence of satisfaction on customer loyalty in the case of mobile phone companies. For building, customer satisfaction, the service companies need to build high perceptions of service quality and provide high customer service. Service companies can create committed customers by engaging customers through customer relationship management programs. To foster customer commitment, service companies need to provide exceptional and value-added services. To cultivate consumer loyalty, service providers must offer outstanding and added-value services. To win the trust

of customers mobile phone companies need to invest in relational programs to build integrity and reliability. Since the study did not find any control effects of age and gender, there is a need for further investigations.

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