

# **THE FOUR STAGE LOYALTY MODEL AND MODERATING EFFECTS: AN APPLICATION IN THE MARKETING OF MOBILE OPERATOR'S SERVICES**

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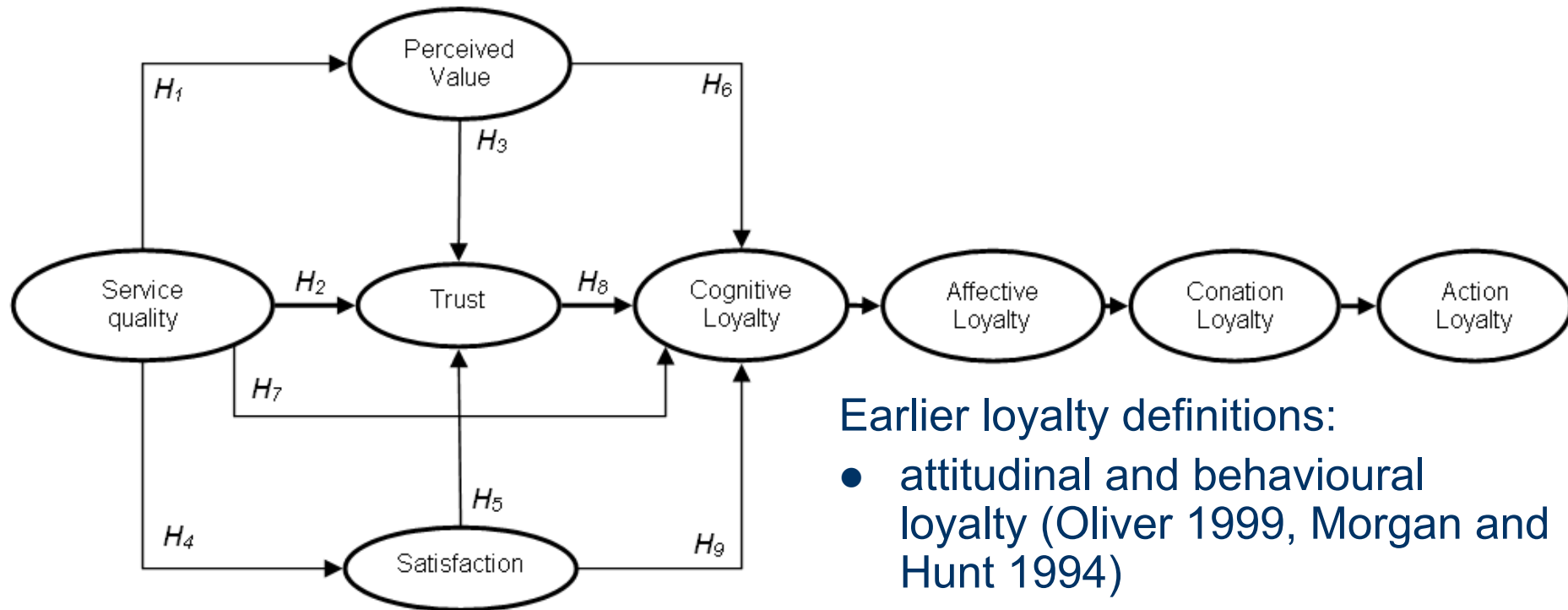
# Background

- ❑ Establishing and maintaining loyalty is an aspiration of many suppliers
- ❑ It is dependent → generating consumer trust + procedural rigor + operational abilities
- ❑ However, little is known of the nature and drivers of mobile loyalty
- ❑ If so:
  - ❑ what factors influence mobile loyalty?
  - ❑ does trust play a role?
  - ❑ Is SQ and VAL related to trust? If so how?

# Study Objectives

- Develop and extend existing conceptualizations of service dynamics through incorporating the construct of trust and evaluating its role and importance in driving loyalty.
  
- Analyze the direct and indirect relationships between
  - SQ and the antecedents of loyalty
  - The four loyalty constructs
    - Cognitive → Affective → Conative → Action loyalty

# Conceptual model and hypotheses



## Earlier loyalty definitions:

- attitudinal and behavioural loyalty (Oliver 1999, Morgan and Hunt 1994)
- purchase intentions, positive word-of-mouth, willingness to pay (Zeithaml et al. 1996)
- cognitive, affective, conative and action loyalty (Oliver 1997, Harris and Goode 2004)

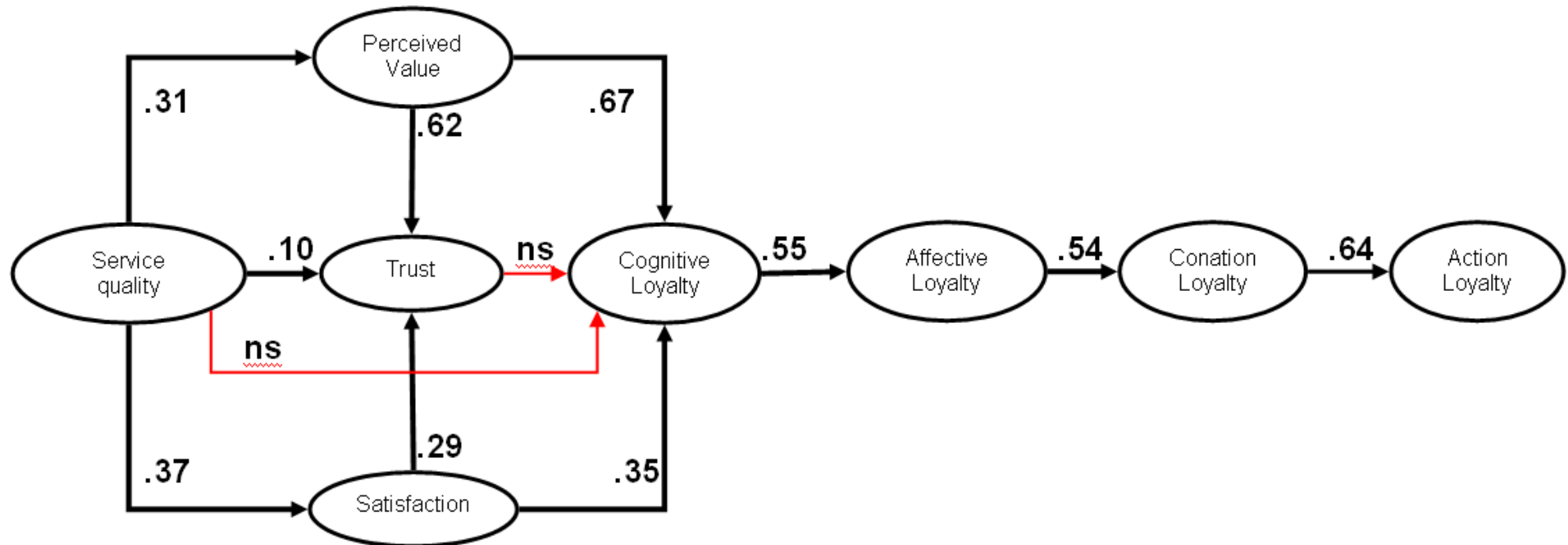
# Questionnaire development

- **Service quality**
  - 23 items (Parasuraman et al., 1988; Cronin & Taylor, 1992)
- **Perceived value**
  - 6 items (Wang, Lo, Chi, and Yang, 2004; Sweeney and Soutar, 2001)
- **Trust**
  - 6 items (Chiou and Droge, 2006)
- **Satisfaction**
  - 5 items (Cronin et al., 2000)
- **Loyalty (Oliver, 1999)**
  - Cognitive loyalty 4 items (Harris and Goode, 2004)
  - Affective loyalty 5 items (Harris and Goode, 2004)
  - Conative loyalty 4 items (Harris and Goode, 2004)
  - Action loyalty 6 items (Harris and Goode, 2004; Oliver, 1999; Sousa and Voss, 2006)

# Methodology

- Survey instrument design
- Pre-test: 33 university students
- Mailed to 6000 Finnish households
- 1385 questionnaires collected (23.1%)
- Female (56.3%), age 35-49 (31.3%)
- Dimensionality, reliability and validity assessed
- CFA and structural model

# Structural model



- ❑ Fit indices:  $\chi^2 = 3346.34$ ,  $df = 691$ ,  $\chi^2/df = 4.84$
- ❑ RMSEA = 0.053
- ❑ CFI = 0.987
- ❑ NNFI = 0.986
- ❑ NFI = 0.984

# Findings and contributions

- Of the hypotheses, 10/12 were confirmed
- Findings in line with previous research, exceptions:
  - No direct association between SQ and cognitive loyalty (CL)
    - Possible explanation: The mediating role of trust, perceived value and satisfaction
  - No direct association between trust and CL
    - Possible explanation: perceived value and satisfaction strongly linked to CL

# Practical implications

- Evaluate service offering
- Perceived value seems to be the strongest indicator of cognitive loyalty
  - Create and develop tools to deliver both hedonic and utilitarian value
- M-Trust is important, How to manage it?
  - Good value for money
  - Enjoyable, fun use experience
  - Possibilities to enhance social self-image by using the mobile
  - Ensure high service quality

# Limitations and further research

- Common method bias
- Cross sectional
- Longitudinal study
- Moderators not examined (e.g. demographics)
- Examine other service sectors -> increase generalisability of findings
- Replicate in emerging markets

# Questions?

*Thank You*

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