NOT ALL REPEAT PURCHASES ARE THE SAME: ATTITUDINAL LOYALTY AND

HABIT

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ABSTRACT

This paper examines attitudinal loyalty and habit as two distinct drivers of repeat purchase behavior. Through two empirical studies, we show that repeat purchases motivated by attitudinal loyalty versus habit are manifested differently in behavior. Furthermore, we illustrate how these two drivers can moderate consumer responses to marketing stimuli.

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EXTENDED ABSTRACT

As marketing shifts to a relationship-oriented paradigm in the last 20 years, consumer loyalty has become one of the frontiers in marketing. In managing consumer loyalty, marketers often identify repeat customers based on their purchase frequency or spending level and draw the conclusion that all repeat customers are loyal. Academic research, however, suggests a much richer picture of consumer loyalty that encompasses things such as beliefs of product superiority, brand knowledge, and positive and accessible brand reactions (Kim, Morris, and Swait 2008). This divergence in approach highlights one of the oldest theoretical debates in the consumer loyalty literature – the issue of how attitudinal and behavioral loyalty are related and which of the two is more suitable for understanding and managing brand and consumer relationships.

It has been pointed out since more than 30 years ago that behavioral loyalty as reflected by repeat purchases does not adequately capture consumer loyalty (Jacoby and Kyner 1973). In particular, a consumer can repeat purchase either as a choice based on positive evaluations of a brand, or as an automatic process that is driven by contextual factors that have little if any to do with the brand/company per se (Huang and Yu 1999). As a result, using repeat purchases to define loyalty may contain noises that have little if anything to do with true loyalty. Realizing these issues with repeat purchase data, researchers have taken measures to account for the different drivers of behavioral loyalty. In modeling brand loyalty, for instance, mechanisms have been devised to take into account inertia and habit (Roy, Chintagunta, and Haldar 1996; Seetharaman and Chintagunta 1998). While incorporating such effects generally improves the explanatory power of a model, the theoretical origin of these effects is unclear.

Recent advances in habit research, however, suggest an opportunity to bridge this gap and to integrate sound psychology theory into analyzing repeat purchase behavior. The purpose of this paper, therefore, is to draw upon the habit literature to identify habit and attitudinal loyalty as two distinct drivers of behavioral loyalty as manifested by repeat purchases. More specifically, we argue that observed repatronage behavior can be driven by attitudinal loyalty as well as by habitual forces that are characterized by an automatic process. On surface, such habitual forces can result in repeat purchases even in the presence of competitive marketing actions, therefore, making it appear very similar to loyalty. However, when considering the effect of situational factors, habitual repeat purchase falls short of the loyalty test.

To demonstrate the separate effects of loyalty and habit and the value of such an analysis, we conducted two empirical studies in the convenience store and the newspaper industries. In study 1, we analyzed actual purchase history of 198 consumers in a convenience store chain over the course of 12 months. Drawing from past research, we derived the habit strength based on these consumers' purchase behavior, and we further supplemented the data with these same consumers' self-reported attitudinal loyalty collected through a survey. Using a hierarchical linear model to take into account consumer heterogeneity, our results show that both attitudinal loyalty and habit had a significant positive impact on repeat purchase behavior. Furthermore, attitudinal loyalty and habit were only weakly correlated, suggesting that the behavioral manifestation of habit-driven repatronage is indeed distinctive and as a result can be separated from repeat purchases driven by attitudinal loyalty.

In study 2, we conducted a field experiment to demonstrate the differential effects attitudinal loyalty and habit can have on consumer responses to marketing stimuli. We argue that, among high-repeat customers, consumers with strong habits and weak attitudinal loyalty will respond differently from consumers with weak habits but strong attitudinal loyalty. While existing studies have separately shown the effect of attitudinal loyalty and habit on behavioral loyalty, to our best knowledge, there has been no study that explicitly compares responses from attitudinally loyal versus habitual consumers. Using a market research study in the newspaper industry as the backdrop, we show that cost-effective incentive using brand-related rewards are more likely to be successful among attitudinally loyal customers than habitual customers. By showing that habitual vs. attitudinally loyal customers respond differently to marketing stimuli, our results confirm the practical value of differentiating between these two different drivers of repeat purchase and of segmenting and targeting consumers based on these drivers.

Taken together, our research suggests that marketers can manage customer relationships more efficiently by identifying habitual vs. loyal customers using existing company data and by developing targeted marketing programs for these two different kinds of repeat customers. Currently we are planning a third study, which will examine the types of marketing stimuli that may be particularly effective for habitual consumers relative to attitudinally loyal consumers. Through these studies, we hope that we will provide theoretical richness to the action inertia phenomenon, and that combining the insights from consumer psychology and the modeling literature will yield a more complete understanding of consumer loyalty and consumer repatronage decisions.

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NOT ALL REPEAT PURCHASES ARE THE SAME: THE ROLE OF ATTITUDINAL LOYALTY AND HABIT

As marketing shifts to a relationship-oriented paradigm in the last 20 years, consumer loyalty has become one of the frontiers in marketing. The classic book by Fred Reichheld (1996) entitled *The Loyalty Effect*, for example, documents numerous industry evidence of the financial benefits from high consumer loyalty. In the academia, researchers also argue that the commitment and loyalty that relationship partners feel toward each other are at the core of each relationship (Morgan and Hunt 1994). Loyalty signals the importance of the relationship to each partner and the willingness on each side to reduce their choices to engage in the relationship (Sheth and Parvatiyar 1995). Coincidentally, the increasing attention to consumer loyalty is paralleled by an opposite trend in reality marked by proliferation of competitive offerings in the marketplace. With myriad choices available for almost every purchase decision, consumer loyalty has become all the more elusive and yet precious to marketers.

Given the importance of customer loyalty, it is not surprising that numerous studies have been conducted to address this topic. In these studies, two dominant approaches to customer loyalty have been used. With the first one, researchers explore loyalty from the consumers' mind, focusing on the affect and underlying processes that lead to a positive mental reaction to a brand or a company (Kim et al. 2008; Wang 2010). In the second approach, researchers choose an observation-based approach and try to deduce customer loyalty based on their manifested purchase behavior (Bolton, Kannan, and Bramlett 2000; Che and Seetharaman 2009; Fader and Schmittlein 1993). A comparison of these two approaches reveals a remarkable divergence in what is considered loyal in each case. While the former considers customer loyalty as a state that encompasses beliefs of product superiority, brand knowledge, and positive and accessible brand

reactions, the latter only requires frequent repeat purchases and/or a large share of wallet to define a consumer as loyal. Researchers have long pointed out the inadequacy of defining loyalty based on repeat purchases, i.e., behavioral "loyalty" (Fournier 1998; Jacoby and Kyner 1973). In particular, a consumer can repeat purchase either as a choice based on positive evaluations of a brand, or as an automatic process that is driven by contextual factors that have little if any to do with the brand/company per se (Huang and Yu 1999). As a result, using repeat purchases to define loyalty may contain noises that have little if anything to do with true loyalty.

Although behavioral loyalty as reflected in repeat purchases has its flaws, we do recognize important values in such observed behavioral measures. First, they are relatively unobtrusive measures that are not subject to the mere measurement effect associated with selfreported data (Fitzsimons and Morwitz 1996) and may reveal information about consumers that is not captured in self-reported reflections of behavior; Second, it is readily available data that many companies have and can use to direct their marketing efforts; And finally, as consumer repeat purchases directly impact a company's bottom line, such measures are the foundation for evaluating marketing-related assets such as customer equity. This role is especially important in an era of increased marketing accountability.

The goal of this paper, therefore, is to draw upon consumer psychology research to scrutinize behavioral loyalty in an effort to preserve the value in such observed measures and at the same time address the limitations associated with the measures. We do so by identifying another key driver of repeat purchase behavior – consumer habit. Building on recent advances in the habit literature, we illustrate how repeat purchase behavior due to mere habit can be differentiated from repeat purchase driven by attitudinal loyalty. Using a combination of consumer purchase history and customer survey data in the convenience store industry, we show

that both habit and attitudinal loyalty are important drivers of behavioral "loyalty". We further demonstrate how habitual vs. loyal customers may respond differently to marketing stimuli, thereby illustrating the value of differentiating between these two drivers of repeat purchase behavior. By separating habit from attitudinal loyalty, we hope to alleviate some of the criticisms of inferring loyalty from repeat purchase behavior and render such measures more meaningful and useful for both researchers and marketing practitioners. In the section below, we first offer some theoretical discussion of loyalty and habit and their similarities and differences. Then we report the findings of two empirical studies.

THEORETICAL BACKGROUND

What is Loyalty?

In a comprehensive discussion of consumer loyalty, Oliver (1999) defined loyalty as "a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior" (p. 34). He further proposed four stages of consumer loyalty: the cognitive stage that is marked by objective beliefs of product superiority; the affective stage based on affective liking toward a product/service; the conative stage, which represents a commitment to buy a brand as a behavioral intention; and finally the behavioral stage that is characterized by action inertia.

The focus of our current discussion is on the relationship between the cognitive/affective and the behavioral stages of loyalty. Here, we offer a significant departure from Oliver's (1999) framework. In his framework, the various stages of loyalty occur in a progressive fashion, and behavioral loyalty in the form of "action inertia" is the ultimate developmental stage of customer loyalty. Different from this view, we argue that "action inertia" is not always driven by loyalty intentions. In particular, observed action inertia can be driven by loyalty as well as by habitual forces that are characterized by an automatic process. On surface, such habitual forces can result in repeat purchases even in the presence of competitive marketing actions, therefore, making it appear very similar to loyalty. However, when considering the effect of "situational factors" given in the loyalty definition we cited earlier, habitual repeat purchase falls short of the loyalty test. We now turn to the habit literature to formally define the similarities and differences between habit and attitudinal loyalty.

Comparisons of Attitudinal Loyalty and Habit as Drivers of Behavioral Loyalty

Although attitudinal loyalty and habit can both cause behavioral loyalty manifested as repeat patronage, these two forms of repetition tendency differ in the underlying psychological processes. Here, we define attitudinal loyalty as a favorable evaluation that is held with sufficient strength and stability to promote a repeatedly favorable response towards a product/brand or a store. Attitudinal loyalty is similar to strong attitudes in that it "will endure, will resist attempts in contrary directions, will exert influence on the formation of related perceptions and beliefs, and will predict behavioral decisions with highest fidelity" (Converse 1995, xi). That means, strong attitudinal loyalty is relatively stable over time and place, is resistant to the allure of alternative brands, promotes favorable brand perceptions and beliefs, and is likely to influence behavior.

Jensen and Hansen (2006) found that the effect of consumers' attitudinal loyalty on actual repeat purchase come in two different forms. First, attitudinal loyalty is a stronger brand preference that reduce variety-seeking tendency to try other products and brands, and such diminished variety-seeking tendency produce more favorable intention to repeat purchase. Second, attitudinal loyalty enhance consumer resistance to purchasing and consuming

alternatives in tempting situations, including when the preferred brand or product is out-of-stock or when competing alternatives are on sale. This resistance to alternatives produces weaker intention to purchase the alternatives. In both of the above cases, in order to change the attitudinal loyalty cause of behavioral loyalty, the preference or evaluation attached to the attitudinal loyalty needs to be changed.

We define habit as a behavioral disposition in which past responses are triggered directly by associated contextual cues. Our definition is built on that of Beatty and Kahle (1988) which stated habit as a well-learned schema with a behavioral component and highlighted the mental association between responses and elements in the consumption process. Repeat purchase caused by consumer habit is directly cued by stable features of purchase contexts. Once habit is formed, repeat patronize is triggered automatically by contextual cues that are part of the mental association of habit, without guidance from attitudes and intentions (Ji Song and Wood 2007). Therefore, consumers with strong habits will maintain strong disposition to repeat purchase even when attitudinal evaluation or loyalty has changed, as long as the contextual cues that trigger habitual repeat purchases remain.

To demonstrate such an effect, Neal et al. (2010) found that consumers with strong popcorn eating habit ate the same amount of popcorn at the movie theater, regardless they were given fresh or stale popcorn. And all consumers reported that they noticed whether the popcorn was fresh or stale. Such results showed that, habitual consumers repeat their consumption when the contextual cues remain (the movie theater) without consulting their evaluation of the product (popcorn). Ji Song and Wood (2007) demonstrated similar results that consumers with strong fast food consumption habits repeated their fast food consumption when supporting circumstances were stable, even though their intentions to consume fast food had changed. These findings

suggest that, in order to change the habitual cause of behavioral loyalty, the supporting contextual cues need to be changed.

Overview of the Two Studies

To examine our research question on how attitudinal loyalty and habit influence behavioral loyalty, two studies were conducted. Study 1 used a panel dataset together with survey measures to empirically discriminate the effects of attitudinal loyalty and habit on behavioral loyalty. Study 2 employed an experiment to demonstrate the differential effects attitudinal loyalty and habit have on consumer responses to marketing stimuli. Existing studies showed separately how to change the effect of attitudinal loyalty and habit on behavioral loyalty. Yet, to our best knowledge, there has been no study that explicitly compares responses from attitudinally loyal versus habitual consumers. From these two studies, we hope to examine how marketers can identify attitudinally loyal versus habitual consumers and differentially target these two distinctive sets of repeat consumers with marketing stimuli.

STUDY 1

Data

The purpose of Study 1 is to demonstrate empirically that consumers' behavioral loyalty as manifested in their purchase behavior is driven simultaneously by attitudinal loyalty and habit. To do so, we analyzed two distinct data sets from a convenience store chain. The first set of data came from 12 months (April 2006 to March 2007) of transaction records from the chain's loyalty program. The loyalty program does not charge an enrollment fee and allows consumers to earn rewards after a certain number of points have been accumulated through repeated purchases. Program members' transactions are recorded at the point of purchase, including the time and location of each transaction as well as the amount spent in the transaction. The second set of data came from surveying a sample of this convenience store chain's customers. The survey was conducted by the company to assess overall satisfaction with the loyalty program. A total of 228 consumers completed the questionnaire. Of these responses, some were incomplete records that did not allow us to match their transaction records and therefore were deleted from the analysis. We also deleted those who have multiple memberships within a single household (e.g., husband and wife with separate loyalty program accounts). This is to avoid the confounding effect of cross-purchasing among family members. Our final sample consisted of 198 consumers.

Model Overview

To analyze consumer loyalty as manifested in our two data sets, we adapt the approach by Boatwright, Borle, and Kadane (2003), which allows one to derive behavioral loyalty using single-firm transaction data. As transaction record from a single firm does not allow explicit observation of customer loyalty via measures such as share of wallet, this approach uses the proportional relationship between interpurchase time and transaction size. The basic rationale is that if a consumer purchases from a single store, prolonging the interpurchase time will require a larger purchase later in order to replenish inventory. For example, if a consumer usually goes grocery shopping every week but for some reason is unable to shop until two weeks later, the consumer is likely to need to buy twice the amount she needs to spend in one shopping trip. However, if the consumer has replenished inventory from another store in between the two transactions, such a proportional relationship will not be observed from the focal store transactions. Therefore, by finding out the extent to which a consumer's transaction size and interpurchase time from the focal store follows a proportional relationship, we can infer the behavioral loyalty of the customer. This approach has recently been used by Liu (2007) to study the behavioral loyalty of retail customers.

Mathematically, we derive customers' behavioral loyalty as shown in equation (1) below:

(1)
$$LogAmt_{ii} = \alpha_{i0} + \alpha_{i1}LogIPTime_{ii} + A_{i2}X_{ii} + e_{ii}$$

where $LogAmt_{ij}$ is the log-transformed amount that consumer *i* spent in transaction *j*; $LogIPTime_{ij}$ is the interpurchase time calculated as the number of days that elapsed between consumer *i*'s last transaction *j*-1 and the current transaction *j*; X_{ij} is a vector of control variables that we will detail in the data section below; and e_{ij} is the error term. The focal parameter of interest is the coefficient for $LogIPTime_{ij}$, α_{il} . As both purchase amount and interpurchase time are log transformed, α_{il} represents the proportional relationship between the two and therefore reflects the behavioral loyalty of consumer *i*. This parameter usually falls between 0 and 1, with 1 representing total behavioral loyalty and 0 representing no behavioral loyalty at all (Boatwright et al. 2003; Liu 2007).

We use hierarchical linear modeling (HLM) to take into account individual heterogeneity (Raudenbush 2002). Similar to panel regression, HLM allows model coefficients to vary across individuals. But it has the further advantage of allowing the use of explanatory variables to describe individual heterogeneity. Recall that our main goal here is to demonstrate the two drivers of behavioral loyalty: attitudinal loyalty and habit. Therefore, we model α_{i1} as a function of consumer *i*'s attitudinal loyalty (*AttLoy_i*) and habit level (*Habit_i*). Equations (2)-(4) below represent the second level of our hierarchical model:

(2)
$$\alpha_{i0} = \beta_0 + \varepsilon_{i0}$$

(3)
$$\alpha_{i1} = \beta_1 + \beta_2 AttLoy_i + \beta_3 Habit_i + \varepsilon_{i1}$$

$$\mathbf{A}_{i3} = \mathbf{B}_4 + \mathbf{E}_{i3}$$

The central parameters of interest here are the coefficients for the *AttLoy_i* (β_2) and *Habit_i* (β_3) variables. They explain the effect of attitudinal loyalty and habit on behavioral loyalty (α_{il}).

Variable Operationalization

Purchase Amount and Interpurchase Time. Purchase amount is the dollar amount spent within a single transaction and is log transformed to form the dependent variable of our model *LogAmt_{ij}*. Interpurchase time is calculated as the number of days that elapsed between the previous and the current purchase. This is also log transformed to yield *LogIPTime_{ij}*.

Attitudinal Loyalty. Consumers' attitudinal loyalty was measured using the four-item store loyalty scale from Yi and Jeon (2003). The consumers were asked to rate how much they agree or disagree with each of the following four statements on a 7-point scale anchored at "strongly disagree" and "strongly agree": (1) I like this store more than other convenience stores; (2) I have a strong preference for this store; (3) I give first considerations to this store when I need to buy convenience store items; (4) I would recommend this store to others. The Cronbach's alpha for the scale was .88, and the ratings of the four items were averaged to form an overall attitudinal loyalty score for each consumer.

Habit. We used the first three months of transaction data as the initialization period to calculate habit. Habit in the literature has often been construed as the multiplication of behavioral stability and action frequency (Ji Song and Wood 2007; Wood, Tam, and Witt 2005). In other words, the most habitual individuals are ones who engage in an action frequently and with a stable behavioral pattern, which can be in terms of action time, location, or other contextual elements. Here, we focus on two elements of behavioral stability – time of purchase and location of purchase. For time of purchase, we used radio advertising industry practice to classify each transaction time into one of six dayparts. Our rationale for using radio dayparts is that they are organized around people's driving behavior, which also has a heavy influence on convenience store visits. We calculated the percentage of a consumer's transactions that occurred

during each of the dayparts and took the highest percentage as time stability. For example, a highly habitual customer may purchase 90% of the time between 4-6PM, and therefore will receive a time stability of .9. This percentage ranged from 30% to 100% for the sample.

We used a similar approach for location stability. We first calculated the percentage of a consumer's transactions that occurred in each store, and then selected the highest percentage for the consumer as her location stability score. Location stability ranged from 27.8% to 100%. As in the habit literature, we averaged time stability and location stability to derive an overall stability index and then transformed this index into low, moderate, and high stability groups using equal intervals (stability score of 1, 2, and 3 respectively). Multiplying this stability index with transaction frequency during the same three months yields a consumer's final habit score.

Control variables. We included two control variables. First, because basket composition varies from transaction to transaction with some containing much higher-priced items and some with lower-priced items, we included average basket item price as a control variable to avoid item prices masking true demand levels. The second control variable was *LPHistory*_{*ij*}, which is the number of months consumer *i* had joined the loyalty program when making transaction *j*. This variable controls for the trend discovered in loyalty program research that consumers gradually increase their purchase quantity after they join a loyalty program (Liu 2007).

Model Estimation and Results

We estimated the model as specified in equations (1)-(5) using the maximum likelihood approach. In place of R^2 , HLM reports a deviance statistic (i.e., -2LL) that follows a chi-square distribution and can be used to assess model fit (Raudenbush 2002). In comparison with a more restricted model where attitudinal loyalty and habit are not included in the second-level equation

(3), the current model demonstrated significantly better fit ($\chi^2 = 17.69$, *d.f.* = 2; *p* < .001). Together, the two variables explained 14.33% of the variance in the behavioral loyalty parameter.

The model estimates are shown in Table 1. The intercept (β_l) for equation (2) represents the average default behavioral loyalty level without taking into account attitudinal loyalty and habit. Its estimated value of .05 (t = .42, p < .001) suggests a fairly low level of average behavioral loyalty among these consumers. As expected, attitudinal loyalty had a significant positive effect on behavioral loyalty ($\beta_2 = .04$; t = 3.48, p = .001). The same was true for habit ($\beta_3 = .03$; t = 2.34, p = .021). It is interesting to note that the correlation between attitudinal loyalty and habit was significant but fairly low (r = .14; p = .04), suggesting that habitual customers are not necessarily attitudinally loyal customers and vice versa. This is consistent with the habit literature that people with strong habit tend to repeat past purchase without consulting their attitudinal loyalty (Tam, Wood, and Ji Song 2009). At the same time, attitudinal loyalty represents preference towards the store, and repeat purchase resulting from it may not exhibit the same contextual (e.g., time and location) stability as habit-driven repetition.

Variable	Coefficient Estimate	<i>t</i> -value	<i>p</i> - value
Intercept (β_0)	1.65	42.58	<.00 1
Behavioral Loyalty Intercept (β_l)	.06	4.20	<.00 1
Attitudinal Loyalty (β_2)	.04	3.48	.001
Habit (β_3)	.03	2.34	.021
<i>Price</i> (β_{41})	1.91	18.90	<.00 1
Program History (β_{42})	.003	.16	.876

 TABLE 1. MODEL ESTIMATES FROM STUDY 1

Discussion

Study 1 demonstrates that behavioral loyalty can be driven by both attitudinal loyalty and/or pure habit. In the modeling literature, the terms inertia and habit have been incorporated into models of brand loyalty (Roy et al. 1996; Seetharaman and Chintagunta 1998), which imply the type of influence that we are studying here. Our study enriches this research stream by drawing from the consumer behavior literature on habit to identify the theoretical origin of such inertial influences. Simply differentiating the attitudinal vs. habitual drivers of behavioral loyalty, however, is not enough to demonstrate the practical value of making such a distinction. If attitudinally loyal and habitual customers do exactly the same thing, there is no need for businesses to differentiate between them. Our next study will show that this is not the case. Specifically, we demonstrate that attitudinally loyal vs. habitual customers vary in their response to promotional stimuli. While some promotions are highly effective for attitudinally loyal customers, they have limited or even negative effect on habitual customers.

STUDY 2

Method

The aim of Study 2 was to test the differential effects of attitudinal loyalty and habit on consumer responses to marketing stimuli. Among high-repeat customers, we argue that consumers with strong habits and weak attitudinal loyalty will respond differently from consumers with weak habits but strong attitudinal loyalty. Using a market research study as the backdrop, we show that cost-effective incentive using brand-related rewards are more likely to be successful among attitudinally loyal customers than habitual customers.

The exact context of the study was a customer survey conducted by a local newspaper. A questionnaire asking consumers their opinion of the newspaper was emailed to all the current and

former subscribers of the newspaper. While the same questionnaire was sent to all potential participants, the notification they received differed. Specifically, participants were randomly assigned to enter a draw for either a photo book (brand-related) or two movie tickets (non-brand-related). The photo book was a collection of best photos published in the newspaper and was considered a collectible from the newspaper publisher. Participants in both groups were told that the incentive is valued at \$20. A total of 575 online responses were returned from email invitations to the 5,900 email addresses in the newspaper's database, constituting a response rate of 9.75% (59% females; 43% in the 35-54 age range). The following measures constituted our main variables of interest:

Attitudinal Loyalty. Participants' attitudinal loyalty was measured using the same scale as in Study 1 with the modification of context to newspaper reading. Cronbach's alpha for the scale was .91, and the ratings of the items were averaged to form an overall attitudinal loyalty variable.

Habit. As in Study 1, we measured habit strength by multiplying past behavioral frequency and context stability. For behavioral frequency, participants reported how often they read the newspaper in the past few weeks (1 = about once a month or less, 2 = about once a week, 3 = just about everyday, or 0 = I never read this newspaper). To measure contextual stability, participants were asked (1) whether they typically read newspaper in the same location; (2) whether they typically read newspaper during the same time of the day; (3) whether they typically read the same sections of the newspaper; and (4) whether people they lived with typically read the newspaper. The response options were rarely (=1), sometimes (=2), and usually (=3). An average of these four stability measures was computed, which was then multiplied by behavioral frequency to derive the habit score.

Response Speed. As one of our dependent variables, response speed was measured by how much time elapsed between when an email invitation was sent and when the survey response was received. We classified the response time associated with each case into one of eight groups: 1 = within 24 hours after email sent, 2 = 24-48 hours after email sent, 3 = 2-3 days after email sent, 4 = 3-4 days after email sent, 5 = 4-5 days after email sent, 6 = 5-6 days after email sent, 7 = 6-7 days after email sent, and 8 = more than a week after email sent.

Prize Switch. For both incentive groups, at the end of the questionnaire, participants were offered an opportunity to switch the prize for their random draw. That is, participants who were notified of a draw for a photo book at the beginning could choose to switch to a draw for two movie tickets and participants who were notified of a draw of two movie tickets could choose to switch to a draw of a photo book. This prize switching variable is the other outcome variable of interest (coded as 0 = not switch, 1 = switch), and it is an unobtrusive measure of the relative appeal of either incentive to the participants.

Control Variables. Participants' interests in movies and photography-related activities were measured in two 7-point Likert scales. Participants' age, gender, number of adults and children living in the same household, and annual household income were also included in the study as control variables.

Results

Response Speed. A 2 (strong vs. weak habit) \times 2 (strong vs. weak loyalty) ANOVA with response speed as the dependent variable and the control variables listed in the last section as covariates revealed a significant main effect of attitudinal loyalty (*F*(1,390)=6.79, *p*<.01), but an insignificant main effect of habit (*F*(1,390)=2.59, *p*>.10). The interaction between attitudinal loyalty and habit was also significant (*F*(1,390)=7.36, *p*<.01). As shown in Figure 1, participants with strong attitudinal loyalty and weak habit were the ones who waited the longest to respond, compared to strong attitudinal loyalty/strong habit, weak attitudinal loyalty/strong habit, and weak attitudinal loyalty/weak habit groups. Such results suggest that, when consumers' habit was strong, their responses to promotion were consistent across different levels of attitudinal loyalty. But under weak habit, strong attitudinally loyal (vs. weak loyal) consumers responded to the promotion even after a period of delay, when other consumers would have put the survey out of their mind and would not have gone back to answer the survey, suggesting a desire to help improve the newspaper.



FIGURE 1. RESPONSE SPEED, ATTITUDINAL LOYALTY, AND HABIT

Prize Switch. A 2 (strong vs. weak habit) \times 2 (strong vs. weak loyalty) \times 2 (incentives initially offered: photo book vs. movie tickets) ANOVA was conducted with the decision to switch prize as the dependent variable and the same set of covariates as in the previous analysis. The analysis revealed a significant interaction between habit and the incentive initially offered (*F*(1,390)=3.93, *p*<.05) and a significant 3-way interaction (*F*(1,390)=4.65, *p*<.05). None of the

other effects was significant (Fs < 3.25, p > .07). As shown in Figure 2, most participants would choose to switch their prizes, except participants who reported strong attitudinal loyalty/weak habit and who were offered the photo book as the initial prize. This shows the high appeal of brand-related incentive to these consumers, consistent with the strong attitudinal loyalty these consumers feel toward the newspaper.



FIGURE 2. PRIZE SWITCHING, ATTITUDINAL LOYALTY, AND HABIT

In sum, Study 2 showed systematic differences between attitudinally loyal and habitual customers in their responses to promotional incentives. These results support our notion that these two distinct drivers of repeat purchase should be separated.

GENERAL DISCUSSION

Consumer loyalty is an area of substantial interest to the marketing discipline. Although considerable research has been conducted on this topic, some fundamental theoretical issues still remain. In particular, there has been constant debate over the relation between attitudinal and behavioral loyalty and the relative value of each in understanding and managing brand and consumer relationships. Bridging this theoretical gap, the current paper draws upon consumer psychology literature on habitual behavior to identify a potential source for the divergence between attitudinal and behavioral loyalty. Through two empirical studies using both actual purchase history and self-reported data, we demonstrate that attitudinal loyalty and habit can both function as motivations for repeat patronage (i.e., behavioral loyalty), and we illustrate how repeat purchases based on these two drivers can be differentiated. Furthermore, in study 2, we show that habitual vs. attitudinally loyal customers respond differently to marketing stimuli, thereby confirming the practical value of differentiating between these two different drivers of repeat purchase and of segmenting and targeting consumers based on these drivers. Currently a third study is being planned, which will examine the types of marketing stimuli that may be particularly effective for habitual consumers relative to attitudinally loyal consumers. Through these studies, we hope that we will provide theoretical richness to the action inertia phenomenon, and that combining the insights from consumer psychology and modeling literature will yield a more complete understanding of consumer loyalty and consumer repatronage decisions.

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