

## **The Role of Individual Characteristics on Customer Loyalty**

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### **Abstract**

*Customer loyalty, which is defined as preferring a specified company in repurchases, plays a critical role to be successful in today's competitive business environment. Present study investigates the personal factors which related with consumer loyalty in particular personality, locus of control, masculinity level and self esteem. By this way, consumer side of the loyalty concept is tried to be illuminated, which is a kind of relationship between consumer and firm. Under the scope of the study, face to face survey was conducted about individual factors that affect loyalty of students in the Faculty of Economic and Administrative Sciences of Kırıkkale University. And emotional stability, openness to experience, agreeableness are determined as personality traits which are positively related with customer loyalty. Moreover it is seen that internal locus of control, masculinity level and self respect are meaningfully related with customer loyalty. At last findings of the study are interpreted and some suggestions are made.*

**Key Words:** Consumer Loyalty, Individual Factors and Consumer Loyalty

### **1. Introduction**

Loyalty is generally expressed with some kinds of words like sincere devotion, fidelity and friendship. Consumer loyalty is defined as the tendency or behavior of preferring same firm in repurchases (Köse, 2007), which has attitudinal and behavioral dimension. (Devrani, 2008). In other words it can be defined as consumer's desire and action to prefer a specified firm when it comes to purchasing. Under today's competitive and difficult business environment, loyal customers are vital for success and continuity of companies. At this point creating customer satisfaction is seen as a prior condition to ensure customer loyalty. (Şahin, 2006). There are generally three types of customer in terms of customer loyalty. The first category involves customers who are not loyal. The second category consist of individuals who forced to be loyal because of some factors like switching costs. On the other hand the third category consist of sincere loyal customers who have not a thought of changing firm, carry positive feelings and thoughts toward company, voluntarily choose the firm and represents positive word of mouth behavior.

(Zaugg&Jaggi,[http://smib.vuw.ac.nz:8081/WWW/ANZMAC2006/documents/Zaugg Alexandra.pdf.](http://smib.vuw.ac.nz:8081/WWW/ANZMAC2006/documents/Zaugg%20Alexandra.pdf) )

Customer loyalty creates many benefits for firms like lower price elasticity, lower and decreasing relationship costs, the possibility of increasing income over time, possibility of gaining new customers because of loyal consumers' suggestions, lower needed sale and promotion efforts etc. (Ergin, 2007). On the other side, not only firms, but also consumers gain from loyalty due to the fact that consumer loyalty decreases cost of making search and evaluation of purchases in terms of selling promotion, eligibility, financial condition etc. (Erk, 2009).

### **2. Factors Affecting Customer Loyalty**

Researches indicate that consumer satisfaction is a prior and necessary (Walsh et al., 2008) but not a sufficient variable always for consumer loyalty since consumers can make different choices although the best satisfaction is ensured by firms. This condition makes necessary scrutinize consumer loyalty from different perspectives.

Consumer loyalty is related with some factors like satisfaction from selling process, the degree of conformity of product, product satisfaction, store image etc. (Topçu&Uzundumlu). On the other hand, customer may prefer firms which ensure similar satisfaction level. Determination of the factors that affect the relationships between firm and consumer is necessary to clarify these situations. Consumers expect to be known, remember by businesses and they wait to provide products to meet specific needs. Moreover efficient and effective communication channels create positive feelings in consumers. (Demirören, 2009). On the other hand solving consumer problems in a fair way is an important factor in customer loyalty. (Yaping et al., 2009).

Ray and Chiagouris (2009) examine the issue in terms of store operations. According to the results of related research store atmosphere, store uniqueness and store familiarity resulted to consumer loyalty, positive word of mouth and willingness to pay higher prices which called as store effect. Dick and Basu (1994) incorporates the loyalty with cognitive (accessibility, confidence, centrality, clarity), affective (emotion, feeling states, satisfaction), conative (switching cost, sunk cost, expectation) factors. In addition, studies are encountered which investigates the relationships among changes in market structure, ownership of business and consumer loyalty (Nordstrom&Swan, 1976). Besides some concepts like indispensability, rewarding, the image of superiority, ease of decision making, trust, risk aversion, market conditions are closely related with customer loyalty (Saraç, 2006). It is seen that the relationships between personal characteristics of customer and customer loyalty has not receive enough attention in marketing literature. Present study investigates the relationships among some basic individual characteristics and loyalty.

### **3. Possible Individual Factors Affecting Customer Loyalty**

Since every person has different combination of characteristics and each one is unique; their perceptions, analyzes, expectancies and behaviors are different. Moreover they experience different feelings and thoughts and they act differently under same situations. As researches are examined, customer's personal characteristics are not taken into consideration as determinants of customer loyalty. But taking into consideration the customer loyalty concept independent from individual dimensions is not a sufficient approach to understand loyalty. In this context, the role of personal characteristics like personality, locus of control, masculinity level, self esteem in consumer loyalty is investigated.

#### **3.1. Personality**

Personality refers to the basic approach of people against themselves and others. People are affected in different ways and affect their environment in different ways because of personality traits. Personality is seen as the most important factor in assessing the individual and organizational relationships (Güney, 2008).

The *Five Factor Model* is a widely accepted approach in examining personality which developed by Paul Costa and Robert McCrae (1987). According to this model personality is examined at five factors (Bacanlı et al., 2009). These factors are called as extraversion, agreeableness, conscientiousness, openness to experience, neuroticism. The approach is widely used and is confirmed in many different studies. According to this model, openness to experience is used for individuals who have wide imagination and different interests. (Comba, 2006). On the other hand, agreeableness is expressed with some kind of concepts like gentle, loving, reliable. Neuroticism is related with irritability and drowsiness. Extraversion consists of features like social, self defensive and charisma. And conscientiousness is used for highly motivated, goal focused, ambitious, organized, detail oriented individuals (Gort, 2009). Reliable implementations of five factor model in many different countries and cultures shows that these five factors are the most important components of the personality (Bernstein et al., 2007). Under this framework, relationships between big five personality traits and customer loyalty are examined.

#### **3.2. Locus of Control, Self Esteem and Sex Role**

Internal locus of control is expressed as thoughts and beliefs about one's ability to control and manage events, tendency of seeing the reasons of successes or failures as individual's own capabilities, behaviors and struggles (Akin, <http://www.egitim.cukurova.edu.tr/efdergi/download/82.pdf>). The difference in the internal locus of control understanding causes to differentiate responses against change, leadership, motivation (Tabak&Erkuş, 2008). Rotter's Internal-External Locus of Control Scale (RIDKOÖ) is widely used in measuring locus of control level (Dağ, 1991). On the other hand, self esteem is defined as an individual's positive or negative attitudes toward self (Aslan, 2006). Individuals who have high self esteem represents some positive features; establishing more mature relationships, being more successful in life, having high confidence, serving as a model for other people, being respected by other people, etc. (Pferiffer, 2002).

Furthermore, sex role is defined in two ways which are masculine and feminine in general. Some attributes like dominant, self-confident, daring, aggressive, responsible etc. shows the masculinity level of individual (Dökmen, 1999). Sex role inventory was developed by Bem and it composed of Femininity and Masculinity dimensions that each of comprises 20 items. Investigations which show the high reliability of these scales were made in Turkey (Dökmen, 2003). Under this framework internal locus of control, self esteem and sex role is thought and investigated as a determinant of customer loyalty.

#### 4. An Empirical Study on the Individual Factors Affecting Customer Loyalty

The thought of consumer loyalty is related with some individual factors, which are tried to be explained in previous titles, are examined with a field research in this part of the study. Toward this aim, a survey was conducted, gathered data are analyzed with SPSS, and the findings are interpreted.

##### 4.1. Method, Hypotheses and Limitations of the Research

Due to budget and time constraints, research population is determined as 2.609 undergraduate students in Faculty of Economics and Administrative Sciences of Kırıkkale University.

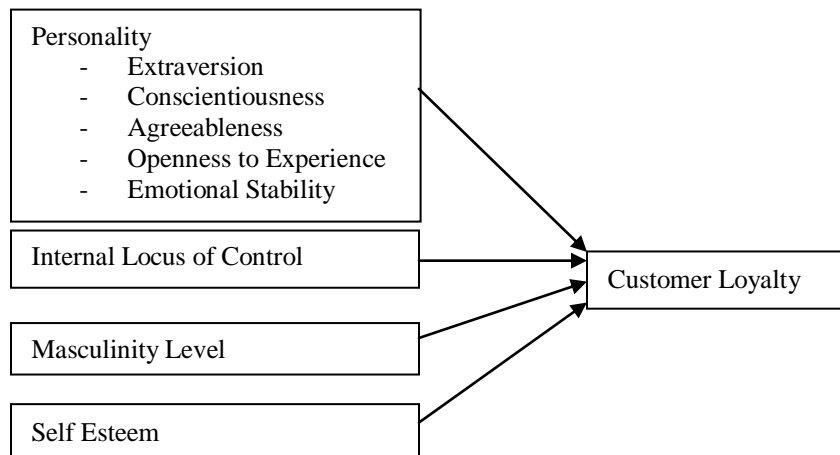
(<http://www.kku.edu.tr/ogrenci/detay.php?git=duyuru&id=107>.) This constraint prevents the generalization of research results to all consumers. Moreover only mobile communication sector was selected within the scope of the research. This constraint also prevent generalization the findings to all sectors.

Survey forms were used for collection of initial data. The questions of the survey form, which are designed in order to measure research variables, were prepared with the help of different studies in domestic and foreign literature. Under this framework the survey conducted on 350 undergraduate students.

The first questions of the study were prepared to gather demographic information of participants. Following questions was created in the five-point likert format, which consists of “Strongly Agree”, “Agree”, “Undecided”, “Disagree” and “Strongly Disagree” options.

Sun and Liu (2009)’s study were used to prepare questions which is to measure customer loyalty. Dağ (2002)’s study were useful in the creation of questions which are aimed to measure internal locus of control. In preparation of the questions that designed to measure the self respect level of consumers, Aslan (2006)’s master thesis was used. And the questions in Dökmen (2003)’s study were analyzed and used in order to determine the participants’ masculinity level. Finally, the questions in the international pool of personality were adapted to Turkish to determine the personality of participants. ([http://ipip.ori.org/New\\_IPIP-50-item-scale.htm](http://ipip.ori.org/New_IPIP-50-item-scale.htm))

**Figure 1 . Research Model**



The hypotheses of the research are as follows;

H<sub>1</sub>: There is a meaningful relationship between extraversion and customer loyalty.

H<sub>2</sub>: There is a meaningful relationship between conscientiousness and customer loyalty.

H<sub>3</sub>: There is a meaningful relationship between emotional stability and customer loyalty.

H<sub>4</sub>: There is a meaningful relationship between openness to experience and customer loyalty. H<sub>5</sub>: There is a meaningful relationship between agreeableness and customer loyalty.

H<sub>6</sub>: There is a meaningful relationship between internal locus of control and customer loyalty.

H<sub>7</sub>: There is a meaningful relationship between masculinity level and customer loyalty.

H<sub>8</sub>: There is a meaningful relationship between self esteem and customer loyalty.

#### 4.4. Findings of the Research

##### 4.4.1. Reliabilities of Variables

The result of the reliability analysis indicates that the reliability levels of scales are high enough.

	<b>Cronbach Alpha (α)</b>
Personality	0,94
Locus of Control	0,74
Self Esteem	0,89
Masculinity Level	0,89
Customer Loyalty	0,92

##### 4.4.2. Testing the Hypotheses

Correlation analyses were conducted to test the research hypotheses. Following table shows the results of analyses;

<b>H<sub>1</sub></b> : There is a meaningful relationship between extraversion and customer loyalty	<b>REJECT</b>	<i>Pearson</i>	,013
		<i>Sig. (2-tailed)</i>	,746
<b>H<sub>2</sub></b> : There is a meaningful relationship between conscientiousness and customer loyalty	<b>REJECT</b>	<i>Pearson</i>	,069
		<i>Sig. (2-tailed)</i>	,075
<b>H<sub>3</sub></b> : There is a meaningful relationship between emotional stability and customer loyalty	<b>ACCEPT</b>	<i>Pearson</i>	,112**
		<i>Sig. (2-tailed)</i>	,004
<b>H<sub>4</sub></b> : There is a meaningful relationship between openness to experience and customer loyalty	<b>ACCEPT</b>	<i>Pearson</i>	,079*
		<i>Sig. (2-tailed)</i>	,043
<b>H<sub>5</sub></b> : There is a meaningful relationship between agreeableness and customer loyalty	<b>ACCEPT</b>	<i>Pearson</i>	,198**
		<i>Sig. (2-tailed)</i>	,000
<b>H<sub>6</sub></b> : There is a meaningful relationship between internal locus of control and customer loyalty	<b>ACCEPT</b>	<i>Pearson</i>	,080*
		<i>Sig. (2-tailed)</i>	,040
<b>H<sub>7</sub></b> : There is a meaningful relationship between masculinity level and customer loyalty	<b>ACCEPT</b>	<i>Pearson</i>	,242**
		<i>Sig. (2-tailed)</i>	,000
<b>H<sub>8</sub></b> : There is a meaningful relationship between self esteem and customer loyalty	<b>ACCEPT</b>	<i>Pearson</i>	,172**
		<i>Sig. (2-tailed)</i>	,000

The results of the analysis show that there is not a significant relationship between extroversion and customer loyalty. Likewise, the correlation coefficient indicates that there is not a meaningful relationship between the personality trait of conscientiousness and customer loyalty. On the other hand it is seen that other personality traits, which are emotional stability, openness to experience and agreeableness, are meaningfully related with customer loyalty. Moreover a meaningful relationship between internal locus of control and customer loyalty is seen. Similarly masculinity level is positively and meaningfully related with the customer loyalty. At last self respect is also positively related with the customer loyalty and the related hypothesis was supported.

#### 5. Conclusion and Suggestions

As findings of the research are evaluated, it is seen that some individual factors have positive and significant relationships with the customer loyalty.

These factors are masculinity level, agreeableness, self esteem, emotional stability, internal locus of control and openness to experience. As a result, the main idea of the study, which is personality characteristics are related with customer loyalty, is supported. Thus an important but neglected area in marketing science was drawn attention and illuminated.

From the perspective of companies, taking into consideration the individual differences in their relationships with consumers and in loyalty creating activities, would be a more effective approach to reach their goals. Depicting the different personal characteristics of customers in terms of geographical area, designing and implementing the marketing program under these variables would be helpful for success of marketing managers. It is inferred from the research results that giving importance to customer loyalty creating and maintaining activities in societies and cultures, which has high level of masculinity, agreeableness, self esteem, emotional stability, internal locus of control and openness to experience, would be a more profitable and effective approach for businesses.

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