

CUSTOMER LOYALTY: AN EMPIRICAL INVESTIGATION OF OPERATIONALIZED MEASURES OF LOYALTY

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ABSTRACT

The growth in total quality management practices and the adoption of a marketing focus among firms has served to bring issues of customer satisfaction to the forefront of corporate focus and strategy. However, increasingly firms in some key industries are discovering that satisfaction alone is not a good predictor of customer profitability. This has important implications for organizations which have placed significant investment into systems designed to increase customer satisfaction. A growing body of literature exists suggesting that the

appropriate focus for an organization is to look beyond customer satisfaction to the issue of customer loyalty.

This paper will first review and synthesize the relevant literature on customer loyalty. Second, a model for measuring customer loyalty will be proposed. Third, the proposed measure will be operationalized in a testable format. Finally, the resulting measure will be empirically tested in an attempt to verify the predictive value of the measure.