

PERSONALITY INFLUENCES CUSTOMER LOYALTY

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ABSTRACT— *The purpose of this study was to examine relationships between personality factors and Customer Loyalty for services. Using two services [Mobile Phone (N=588) & Credit Card (N=220)], consistent support was found for the effects of personality traits on customer loyalty patterns among mobile phone and credit card users. The personality factor Agreeableness emerged as a single predictor for Customer Loyalty for both services. The personality facets Altruism, and Trust were consistent in predicting customer Loyalty for two different services. It was also understood that under different market conditions different consumer behavior variables might be predicted by different personality facets, but major predictive power was found among the facets mentioned above. A number of factors suggest that these results generalizable globally, but they were subject to a number of limitations, and hence further research is warranted.*

I. INTRODUCTION

The major objective of this study was to examine the relationship between personality traits and individual Customer Loyalty patterns among mobile phone and credit card users. The study under review has various distinctive features. Earlier research was directed towards establishing a relationship between individual personality traits and buying behavior [1,2,3,4,5] or towards predicting sales of expensive items such as automobiles [6,7], in which personality was not the only influencing factor. Moreover, almost all the studies undertaken on personality traits and consumer decision-making have been targeted towards the study of products not services [8,9,10,11,12]. This study, in aiming to remedy these deficiencies, targets 'usage' behavior rather than 'buying' behavior, and builds its conceptual framework on services rather than products.

II. LITERATURE REVIEW

Literature suggests that personality is predictably and systematically linked to social and behavioural intercourse of the human self [13][14]. It was also observed to be closely associated with age and sex differences [15] and most importantly it was observed consistently across different cultures [16][17][18].

Several successful recent studies demonstrate empirically the relationship between personality and consumer behaviour. Some of them have used personality (the FFM) in consumer research, with well-established, theoretically-grounded and widely-validated measures of the dependent and predictor variables, are considered here. For instance one of the studies supported the link between personality traits, consumption-based emotions and self-satisfaction [19]. They used subscales from the NEO-FFI questionnaire, capturing extraversion and neuroticism. Results showed that extraversion was directly related to positive consumption emotions and neuroticism predicted negative consumption-based emotions. They not only confirm previous findings that emotions play a crucial role in satisfaction, but also reveal their dependence on customers' individual predisposition. They suggest that a direct relationship between personality and self-satisfaction does exist, mediated by the system of emotions. Another study supported a positive relationship between openness and extraversion, and the perceived hedonistic value of a product. Additionally they stressed that extraversion is positively related to positive affective responses and that a positive indirect relationship exists between extraversion and brand affect [20]. Another study

has revealed that personality is a multi-faceted concept and that it influences ecological behaviour. Their results confirm that people with different personality features respond differently towards some environmentally-friendly actions. They suggest that consumers who are conscientious and environmentally concerned have bought ecological products or have switched products for ecological reasons. Moreover, those who have high scores in agreeableness and extroversion are more likely to attend ecological conferences and join environmental groups [21].

After examining the literature, the researcher could not identify meaningful research on individual personality traits in relationship to consumer loyalty behaviour patterns of relatively new and technologically-enabled services such as credit cards and mobile phones.

III. METHODOLOGY

The sample comprised university students enrolled on at least their second year throughout Pakistan. All three levels of university education, i.e. undergraduate, graduate and doctoral were considered for this study. The student component provided a significant proportion of young people, and also includes respondents who were familiar with mobile phone and credit card services. Part-time students, enrolled in evening, weekend, executive or doctoral programmes also proved to be a better target for credit card study. It is important to note that both of these populations have been selected from larger populations on the basis of both judgment and convenience. Psychologists often select samples based on convenience and many modern day researchers do not consider this practice as any problem [22]. Based on the evidence from the literature a sample size of 500 university students was believed to be adequate for the current study [23].

Self-administered questionnaires were used to obtain quantitative data on the respondents' personality and consumer behaviour. The first part of questionnaire contained items related to Mobile Phone Loyalty and Credit Card Loyalty. Third part integrated the IP-IP instrument for personality assessment and last section solicited respondent's biographical data.

This study used the Zeithaml's inventory of customer loyalty scale [24]. This multiple point customer loyalty scale was developed by integrating research findings and anecdotal evidence from previous research. These include 'saying positive things about the company to others' and 'recommending the company or service to others' remaining

loyal to the company'. This scale had revealed an excellent internal consistency, which is evidenced by alphas ranging from 0.93 to 0.94. For current study the word 'company' was replaced by 'service provider' to represent mobile phone and credit card service providers. An example for this construct is 'I would recommend my service provider to others.' The 'probabilistic summated-rating method' developed by Likert was used to record the responses to the survey scale in this research. Respondents were requested to express the extent of their agreement or disagreement to every item on a five-point forced-choice continuum.

This research also used Goldberg's IPIP inventory. There are several reasons for choosing the IP-IP [26]. Firstly, it measures the FFM and subordinate facets. Secondly, it had a lesser number of items which ultimately requires a shorter time for completion of the questionnaire. More importantly, it was free of cost and instantly available through the web site which resulted in quick pre-testing.

IV. ANALYSES

The data was analysed in a number of stages. Confirmatory factor analyses (CFA) were performed for personality facets and factors [27][28]. Using a priori knowledge about

Goldberg's IP-IP inventory [29,30], confirmatory factor analyses were performed using 4 items related to each facet and hence making the separate CFA for all 30 facets in the IP-IP inventory. Items not loaded during CFA were dropped from further analyses. After successful first order CFA, second order CFA was performed for big five factors, that is, Neuroticism, Extraversion, Openness to experience, Agreeableness and Conscientiousness separately. Overall scores were created by summing item scores creating one-dimensional factor scores, one for each factor. The resulting value was then divided by the number of items in that factor, making overall scores relative and comparable. Participant's potential overall scores on each factor ranged from 1 to 5 (Table 1). Items were factor analysed using the maximum likelihood method of extraction and direct oblimin form of oblique rotation. The factor loading criteria were applied which required that (a) a factor must have at least 2 salient item loadings greater than 0.3, (b) individual items must have at least one factor loading greater than 0.3 and (c) any item loading on more than one factor when the final solution is obtained will be placed only in the factor on which it loads most highly.

Table 1 Confirmatory Factor Analyses – Five Factor Model

Facets	#	First Order					Second Order			
		α	EV	VE	M	SD	Factors	A	M	SD
Depression	2	0.91	5.23	21.8	2.66	0.55	Neuroticism	0.79	2.6	0.81
Anxiety	3	0.86	3.09	12.9	2.79	0.87				
Anger	3	0.82	2.39	9.98	2.54	0.67				
Self-Consciousness	3	0.79	2.28	9.53	2.13	1.14				
Immoderation	2	0.72	1.87	7.81	1.85	0.79				
Vulnerability	3	0.64	1.8	7.5	3.41	0.81				
Excitement Seeking	2	0.92	5.29	26.5	2.69	0.69	Extraversion	0.84	2.92	0.93
Activity Level	2	0.91	2.74	13.7	2.58	0.99				
Friendliness	2	0.88	1.97	9.87	3.42	0.86				
Gregariousness	3	0.87	1.74	8.7	2.74	1.21				
Assertiveness	2	0.72	1.49	7.47	2.68	0.96				
Cheerfulness	3	0.71	1.27	6.38	3.43	0.86				
Cooperation	2	0.93	5.29	26.5	2.96	0.99	Agreeableness	0.83	2.62	0.86
Altruism	2	0.88	2.74	13.7	2.58	1.07				
Trust	3	0.84	1.97	9.87	2.68	0.52				
Modesty	2	0.8	1.74	8.7	2.81	0.84				
Morality	2	0.79	1.49	7.47	2.56	0.64				
Sympathy	2	0.73	1.27	6.38	2.15	1.11				
Cautiousness	3	0.84	4.32	20.6	1.87	0.76	Conscientiousness	0.74	2.80	0.86
Self-Efficacy	2	0.81	3.29	15.7	3.43	0.78				
Self-Discipline	2	0.79	2.56	12.2	2.71	0.66				
Orderliness	2	0.74	2.11	10.1	2.6	0.96				
Dutifulness	3	0.67	1.46	6.95	3.44	0.83				
Achievement	2	0.61	1.22	5.84	2.76	1.18				
Liberalism	2	0.82	3.69	15.4	2.7	0.93	Openness	0.77	2.88	0.84
Adventurousness	2	0.81	3.17	13.2	3.45	0.83				
Emotionality	2	0.8	2.49	10.4	2.98	0.96				
Imagination	3	0.78	2.34	9.76	2.6	1.04				
Intellect	2	0.72	2.03	8.46	2.7	0.49				
Artistic Interests	3	0.68	1.56	6.5	2.83	0.81				

- No. of items loaded; α - Alpha; EV – Eigenvalue; VE - % variance explained

Similarly CFA were performed to ascertain the factor structure of Customer Loyalty variables for two different services. Secondly summated scores were created for resultant first order factors/facets and second order

factors. Thirdly, using the resulting factors, multiple regression analyses were performed to investigate the relationship between consumer's personality and their loyalty for mobile phone and credit card services.

Table 2 Confirmatory Factor Analyses - Mobile Phone & Credit Card Loyalty

Items	Mobile Phone Loyalty (N=588)		Credit Card Loyalty (N=220)
	<i>M</i>	<i>SD</i>	<i>α</i>
	3.43	0.86	2.74
	0.84	0.84	1.21
I would recommend my service provider to others.	0.99		0.92
I say positive things about my service provider to other people.	0.93		
I would re-purchase the services from the same service provider.	0.58		
I would re-purchase the services from the same service provider.			0.96
I say positive things about my service provider to other people.			0.93
I would recommend my service provider to others.			0.67

The regression results of this study suggest that the Agreeableness factor can explain a small amount of variance, i.e. 13.2% and 15.6% in mobile phone and credit card customer loyalty scores (Table 3), while at the facet level this predictive power was greater at 23.5% and 21.9%. Two

personality facets, A1: Trust and A3: Altruism, emerged as major predictors in both analyses (Table 4) , contributing 90% and 97% towards the cumulative predictive power of the personality facets predicting Mobile Phone and Credit Card Loyalty factors.

Table 3 Summary of Regression Analyses of personality factors predicting Loyalty

Criterion Variable	Predictor variable	β	R ²	Adj. R ²	F
Credit Card Loyalty (N=220)	Agreeableness	0.244	0.159	0.156	18.080*
Mobile Phone Loyalty (N=588)	Agreeableness	0.181	0.133	0.132	33.165*

* p<=0.050

Table 4 Summary of Regression Analyses of personality facets predicting Loyalty

Criterion variable	Predictor Variable	β	R ²	Adj. R ²	F
Credit Card Loyalty (N=220)	A1: Trust	0.342	0.247	0.235	6.333*
	A3: Altruism	0.293			
	N1: Anxiety	0.101			
	A2: Straightforwardness	0.058			
Mobile Phone Loyalty (N=588)	A1: Trust	0.257	0.235	0.219	5.601*
	A3: Altruism	0.197			
	O5: Ideas	0.106			
	C4: Achievement Striving	0.088			
	E6: Positive Emotions	0.076			

V. DISCUSSION

There are two points to argue for the generalisability of current research. Firstly, in both services the personality factor Agreeableness emerged as the only predictor of customer loyalty. Agreeable people also have an optimistic view of human nature; they believe that people are basically honest, decent, and trustworthy and they value getting along with others and prefer using negotiation, rather than the assertion of power, to resolve interpersonal conflicts [31,32]. In a consumer behaviour context this can be read as loyal consumers believe their service providers to be trustworthy, they value a harmonious relationship with their service providers, and avoid asserting their powers as means to resolve any conflicts they might have with them. The biggest source of consumer power is the decision to ‘re-purchase’ or continue to use services from the same service provider. Secondly, the prediction of loyalty for both mobile phone and credit cards services, are similar in that major explanatory power was provided by the same two facets, i.e. Trust, and Altruism. Trust reflects an individual’s belief that others are honest and well-intentioned [33]. An influence of Trust on customer loyalty may easily explain the repeat purchases from the customer. This repeat purchase by customers influenced by Trust represents the behavioural loyalty

construct [34]. Similarly Altruism shows a willingness to assist others in need [35]. This Altruism factor explains the customer’s orientation to recommend the same service provider to someone else who seeks advice, thereby reflecting the attitudinal loyalty construct [36].

VI. FINDINGS

The results derived from this research study are solely dependable on the data collection method and techniques embedded. Nevertheless, problems generated while collecting the data, deriving from faulty questioning, and inaccuracy in the responses with inadequate information affected the results generated. Moreover, endeavored for the reduction in errors, by applying the pilot testing thus ensuring questioning was transparent and explicit. In addition, applicants or respondents were provided with the directions in a clear and explicit mode. These problematic errors were also bought to a minimal level through a significant inspection process resulting in reducing out several questionnaires from additional processing.

VII. LIMITATIONS

Collecting data from respondents about their loyalty behaviour might be difficult in situations where respondents are using more than one service provider. Under these

circumstances the author advised respondents to consider the service provider they used more often, as their benchmark.

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