

PAST BEHAVIOR: THE BEST PREDICTOR OF FUTURE BEHAVIOR - OR IS IT?

Michael T. Ewing, Curtin University of Technology
B. Ramaseshan, Curtin University of Technology
Albert Caruana, University of Malta

ABSTRACT

Firms have traditionally focused on attracting new customers. However, since the early 1980's, service researchers have drawn attention to the need to retain and do more business with current customers, as this has shown to provide substantial benefits. For some time, marketers have struggled to build and sustain customer loyalty over an extended period of time. However, creating and sustaining a lasting bond between a consumer and a product or service that ensures customer retention is a far more complex, interactive and dynamic a process.

This study explores the increasingly important issue of customer retention in the strategy of South African automotive manufacturers and dealers. Loyalty (measured in terms of actual past behavior), future purchase intentions and recommendation are investigated within an automotive typology. A distinction is drawn between manufacturer (or brand) loyalty, and dealership (or retailer) loyalty, and the relationship between the two discussed. In particular,

the relationship between future intent and past behavior is considered, in an attempt to investigate the predictive ability of the latter.

Results of the study show that there is no significant difference, based upon past behavior, between those respondents who: (1) intend to purchase from the same manufacturer, (2) intend to purchase from the same dealer, (3) would recommend their current manufacturer, and (4) would recommend their current dealership. Clearly, past behavior, although a significant influence, is not the only determinant of future behavior. Factors such as intervening time frame (when the research is conducted relative to the respondent's position in the ownership cycle), unforeseen situational variants (change in income, status, family structure), unforeseen environmental events, degree of voluntary control, stability of intentions and new information all contribute to future behavior. These influences are further compounded by the universal decline in brand loyalty.