THE DARK SIDE OF BRAND LOYALTY IN RETAIL: SENSE OF ENTITLEMENT AND LIKELIHOOD OF MISBEHAVIOR IN LOYAL CUSTOMERS

Anurag Dugar
Ignited Learning
Jagran Lakecity University, India

Pankaj Chamola
Jaipuria Institute of Management, Jaipur, India

ABSTRACT

This research aims to expose the dark side of brand loyalty by highlighting its negative consequences. It draws from the Theories of Social Exchange, Reciprocity, and Amsel's Theory and probes whether loyal customers feel that they are entitled to a reciprocal relationship with the brand and, with that feeling, whether they are likely to misbehave when the brand does not fulfill their expectations. Towards that purpose, customers' purchase data from selected retail stores have been accessed to assess their behavioral loyalty. This was followed by a survey to assess their attitudinal loyalty, sense of entitlement, and likelihood of misbehavior. The data were then analyzed through CFA in AMOS, simple linear regression, and ANOVA conducted on SPSS. The findings demonstrate that loyalty leads to the development of a sense of entitlement in loyal customers and increases their likelihood of misbehavior if their expectations are unmet. Secondly, compared to behaviorally loyal customers, attitudinally loyal customers have a lower sense of entitlement and are less likely to misbehave. This study can help marketers rethink and improve loyalty-building strategies. It also highlights how to address the prevalent omissions in loyalty-based segmentation and targeting. Finally, it can help marketers reduce and manage the menace of customer misbehavior.

INTRODUCTION

Marketers have constantly revered brand loyalty (Maggioni, 2016; Brown, 1953) for its favorable offshoots such as, repeat purchases (Baliga et al., 2021; Watson et al., 2015), increased frequency of buying, increased share of wallet, lower servicing cost (Richard & Zhang, 2012), and brand advocacy (Dick & Basu, 1994). Consequently, building, measuring, and managing brand loyalty have received a lot of attention from marketing researchers and practitioners.

It is established that loyal customers display certain positive behaviors, but negligible research has gone into examining the dark side of loyalty which can hurt the brand and / or can add to the cost of marketing. This study explores the dark side of loyalty by investigating the proposition of whether loyal customers develop a sense of entitlement wherein they believe that the brand owes a reciprocal for their loyalty, and when negative expectation disconfirmation happens, are they likely to misbehave as a reaction?

Increasing instances of consumer misbehavior have become a major concern and cost for marketers (Association of Convenience Stores, 2019; National Retail Federation, 2018), and have attracted the attention of researchers as well (Gong & Zhang, 2023; Chaouali et. al., 2022; Gong et. al., 2022; Northington et. al., 2021; Fisk et. al., 2010;). While marketers are struggling with finding strategies to manage this menace, researchers are primarily focused on exploring the reasons behind customer misbehavior, developing the typology of misbehavior, and profiling customers who are likely to misbehave. Excessive focus on these perspectives of

misbehavior has meant that other areas/perspectives are not being explored as much. One such gap that can elucidate the subject is the counterintuitive connection between customer loyalty and misbehavior (Li et al., 2017; Dalakas & Melancon, 2015). This study explores this connection by collecting and analyzing the empirical data collected from loyal customers of select retail stores in India. In addition, this study also segregates behavioral and attitudinal loyalty to assess their respective relationships with customers' entitlement mentality and likelihood of misbehavior.

Lemay and Venaglia (2016) have indicated that expectations can sometimes have a negative effect even in positive interpersonal relationships. This study extends this proposition to the relationship between loyal customers and the brand (a positive relationship). It explores whether loyalty towards the brand will lead to customers' expecting preferential/special treatment from the brand and whether there is a likelihood that the loyal customers will misbehave if the brand does not reciprocate as per their expectations. Simply put, the loyal customer might say to the brand - 'if I love you and act in your favor, I expect you to reciprocate, and if you won't, then I will feel bad and react (misbehave).' This new lens to look at loyalty, can be critical for marketers because they invest so much in building loyalty and also in dealing with customer misbehavior.

The rest of the paper is organized as follows: Following the introduction, a conceptual review is presented along with proposed hypotheses. Next, the methodology adopted for data collection and analysis is elaborated on. The fourth section discusses the findings and their implications. The paper concludes with the study's limitations and some thoughts and ideas for further research.

LITERATURE REVIEW

Theoretical Perspective on Loyalty, Entitlement and Misbehavior:

The conception that loyalty might lead to the formation of an entitlement mentality and that unmet expectations can push customers to misbehave is founded on a combination of different theories. The Social Exchange Theory suggests that people (here: customers) expect equity in exchange (entitlement) and are displeased if they do not get what they feel they deserve (frustration). Similarly, the Theory of Reciprocity (Falk et. al., 2006; Cropanzano & Mitchell, 2005) which holds that kind actions are rewarded, and unkind actions are punished, can be used to underpin the idea that customers would reciprocate to what the brand offers to them, that is, if the brand rewards them, they will reciprocate by patronizing the brand, and when the brand would fail in fulfilling their expectations, customers will reciprocate by punishing the brand by misbehaving in frustration. Even Amsel's Theory or Hypothesis (Amsel, 1958) can also be used to explain customers' frustration reaction in the absence of the expected reward.

Brand Loyalty. Brand loyalty is widely regarded as a positive construct that leads to enhanced brand performance in the market (Dugar & Chamola, 2021; Watson et. al., 2015; Dick & Basu, 1994). Very few studies have reconnoitered the negative effects of brand loyalty (Grover & Hui, 1994; Hollinger & Clark, 1983).

Brand loyalty is operationalized either as customers' 'attitude' (Smith & Swinyard, 1983) or as their 'behavior' (Ehrenberg et al., 1990) or as a combination of both attitude and behavior towards the brand (Dick & Basu, 1994). Attitudinal loyalty is expressed as the extent of customers' liking, trust, commitment, preference, and purchase intentions for the brand (Dick & Basu, 1994; Bloemer & Odekerken-Schröder, 2002; Taylor & Hunter, 2014, 2003) and is considered as a pre-requisite for true loyalty to exist (Bloemer & Kasper, 1995). It has been found that attitudinally loyal customers are more likely to remain committed to the brand despite situational influences, and these customers are not opportunistic (Oliver, 1999). In contrast, behavioral loyalty is expressed in terms of certain positive behaviors displayed by

customers, like - repeat buying of the brand (Ehrenberg et al., 1990; Curtis et al., 2011), higher frequency of buying (Romaniuk & Nenycz-Thiel, 2013), higher share of wallet allocated to the brand (Williams et al., 2020; Dick & Basu, 1994) and spreading positive word-of-mouth for the brand (Bloemer & Odekerken-Schröder, 2002).

If considered in isolation, both attitudinal and behavioral brand loyalty have their own limitations. It is argued that attitudinal loyalty does not necessarily lead to purchases and other favorable behaviors, whereas behavioral loyalty, does not guarantee that the positive behaviors are driven by love and commitment or are merely transactional or habitual in nature. Hence, it is recommended that brand loyalty is seen as a combination of customers' attitude and behavior (Bandyopadhyay & Martell, 2007; Huitt & Cain, 2005; Ranganathan et al., 2013).

Sense of Entitlement. Entitlement as a concept is rooted in narcissistic literature and is based on one's rights and deservingness (Martin et. al., 2018). It essentially reflects one's expectation that he/she ought to get something (Singer, 2017), often better things than others (Martin et al., 2018; Campbell et al., 2004; Boyd & Helms, 2005). As mentioned above, the Theory of Reciprocity (Falk et al., 2006) also states that partners in an exchange relationship feel entitled to receive rewards in return for their favorable acts (Cropanzano & Mitchell, 2005). So, in the context of this study, entitlement mentality refers to loyal customers' expectations that they should get special treatment from the brand because they love the brand and have acted for it. In other words, they expect a reciprocal from the brand for their love and what they have done for the brand. Prior research suggests that it is human nature to have expectations of reciprocal and that loyalty does lead to the development of an entitlement mentality (Li et al., 2017; Boyd & Helms, 2005; Zboja et al., 2015). Brands celebrate and reward customer loyalty, so the loyal customers are often aware that they are the 'special ones' who are doing something for the brand. So, it can be worth exploring whether these customers would think that they deserve a reciprocal from the brand. Based on this argument, it is hypothesized that:

H1: *Brand loyalty leads to the development of sense of entitlement in customers.*

To enlarge this conceptualization, loyal customers have been categorized into three exclusive sets – 1) customers with high attitudinal loyalty but low behavioral loyalty, 2) customers with high attitudinal as well as behavioral loyalty, and 3) customers with low attitudinal but high behavioral loyalty. The purpose of this categorization is to explore whether this difference in the nature of customer brand relations affects the level of sense of entitlement in the customers. In isolation, attitudinal loyalty represents an emotional bond and behavioral loyalty reflects a transactional relationship; it can be hypothesized that:

H2: *Customers with high behavioral loyalty and low attitudinal loyalty would have the highest sense of entitlement.*

Customer Misbehavior. When customers deliberately violate the generally accepted norms of conduct in an exchange setting, such behaviors are defined as "customer misbehavior" (Reynolds & Harris, 2009). Different scholars have given different names to – a) the phenomenon of customer misbehavior and b) customers who engage in such (mis)behaviors. The phenomenon of customer misbehavior has been termed as - Dysfunctional Consumer Behavior (DCB) (Aron & Kultgen, 2019; Harris & Reynolds, 2003), Aberrant Consumer Behavior (Fullerton & Punj, 1992; Budden & Griffin, 1996), Deviant Consumer Behavior (Moschis & Cox, 1989) and Guerilla Consumer Behavior (Koprowski & Aron, 2013) etc., and the customers who engage in misbehavior are termed as - problem customer, jaycustomer, deviant customer, aberrant customer, and dysfunctional customer etc. (Fisk et.

al., 2010) depending on the different types/forms of misbehavior, like shoplifting, arguing, fighting etc. (Fisk et. al., 2010; Harris & Reynolds, 2004).

When they are not happy or are dissatisfied with something (Huefner & Hunt, 2000) they either ignore the issue and continue buying, quit buying (from) the brand, voice their concerns (Hirschman, 1970), hold a grudge (Hunt et al., 1988; Aron, 2001, 2016) or retaliate. However, in some cases, it has been found that customers can and do misbehave without any reason as well. This study focuses on customers' likelihood of misbehavior due to a sense of entitlement and related negative expectancy disconfirmation.

Entitlement and Misbehavior. Many studies have found that the presence of entitlement affects emotions and behavior, but most work in this relationship is in the context of interpersonal relationships and not in the context of customer-brand relationships. For example, Penney and Spector (2002), Reidy et al., (2008), and Exline et al., (2004) have concluded that individuals with high expectations are likely to make efforts to redress the perceived inequity and are likely to act aggressively with hostility and contention and seek vengeance if their expectations are not fulfilled. Similarly, Raskin and Terry (1988) found that entitlement is inversely related to positive phenomena like self-control and tolerance, while Watson et al. (1984) concluded that entitlement adversely affects empathy and social desirability. Similarly, Huseman et al., (1987) concluded that entitlement decreases an individual's tendency to engage in equitable social exchanges.

Limited work has been done on entitlement in the context of marketing (Li et al., 2017; Wetzel et al., 2014), and even in that, entitlement has not been mapped with customer misbehavior. For example, it has been found that customers high on entitlement are more likely to complain more, behave more opportunistically, feel anxiety and tension (Boyd & Helms, 2005; Emmons, 1987; Fisk & Neville, 2011; Polyakova et al., 2020), but what will they 'do' as a result of these feelings, has not been explored.

The gap that emerges from this discussion is that sense of entitlement has been found to cause certain negative behaviors in interpersonal relationships, but the same has not been studied in the context of customer–brand relationships. Thus, it is hypothesized that:

> **H3:** *Loyal customers with a higher sense of entitlement are more likely to misbehave in case of negative expectancy disconfirmation.*

METHODOLOGY

The Setting

It is deemed suitable to study this topic in a service setting because inseparability in services brings customers and service providers together in the service system, and customers get an opportunity to display their displeasure (through misbehavior) if they feel they have not received what they should have (sense of entitlement). This does not happen with products as directly because - 1) Customers do not go to / enter the production facilities and neither do they meet and interact with manufacturer's employees, and hence, cannot misbehave with the premises and the people, and 2) In case of products, the brand promise is delivered through the non-living entities (products) which are often consumed at customers' place. Hence, the customers' misbehavior rarely affects the brand and the manufacturer. So, services were a natural choice for this study.

Under services, brands in airlines, hotels, and the retail industry were approached with a request to participate in the study, but retailers were most positive about it. Amongst the different retailers who showed interest, grocery retail stores were chosen because they suited the purpose of the study more than retailers selling other products, for two reasons – 1) grocery stores are omnipresent and have almost similar marketing mix, so if a customer prefers to buy from a particular store while leaving all others, it is easy to conclude that the customer is loyal

to the retail store brand, and 2) retail stores selling products like electronics, apparel, etc. were not chosen because in these categories brand differentiation is high and customers are likely to be loyal to the product brand as they are to the retail store brand. This dual loyalty would have made it difficult to differentiate between loyalty to the product brand or the retail store brand is leading to the development of customers' sense of entitlement and thereby, the likelihood of misbehavior.

Sample and Procedure

Three prominent grocery stores in the city of Jaipur (in India) agreed to share their customers' data as well as to incentivize the customers to participate in the study by giving them 5000 loyalty points worth Rs. 50, so they were chosen for the study. All three stores were independent single-store grocery retailers (that is, they were not a chain of stores) and had a customer base from throughout the city, which means that customers came all the way to these stores to buy from them, which indicated loyalty. The names of the retailers cannot be revealed here because of the confidentiality clause signed with them.

All three store brands captured customer and sales data and had fully functional loyalty programs running on modern retailing software. They classified their customers as loyal or non-loyal on the basis of the bill amount / ticket size in a particular duration and consistency in purchases made from the store. In other words, they only classified customers as loyal or non-loyal based on behavioral loyalty. Being separate organizations, their definition of 'bill amount/ticket size' and 'consistency in purchases' differed. However, for this study, it was required that a common definition of loyal customer is arrived at and after some deliberations, the three retailers agreed that customers – 1) whose average annual spending at the store is double the annual spending of the average shopper; 2) customers who are fulfilling the first condition consistently for at least eight quarters; 3) customers who are a member of loyalty program of the store, and regularly participate in it - can be considered as 'loyal customers'.

The first two conditions ensured that customers with high behavioral loyalty (high consistency and value of purchases) could make the list. The third condition ensured that the selected customers were aware that they were valuable to the store.

Profile of Respondents

Having agreed upon the above definition of loyalty, we requested each store share its past three years' data, ticket size by quarter, and contact details with the researchers.

Each store randomly selected 1500 customers who fulfilled the above-mentioned conditions and shared their ticket-size-by-quarter and contact details with the researchers. All 4500 customers were contacted over the phone with a request to participate in the study. Researchers were able to contact 2285 customers and requested them to participate in the study. 636 customers agreed, but only 389 customers finally turned up, and only 352 customers completed the survey. The sample comprised of 204 male and 148 female participants. Overall, the average age of the respondents was 38.12 with a standard deviation of 8.28 years. The detailed profile of the respondents is given in Table 1.

Sub-Classification of Customers with High Behavioral Loyalty: The list of loyal customers presented a continuum of different types of customers. On one end, there were customers who barely made it to the list because they just met the conditions, and at the other extreme were those customers who were doing way beyond the minimum. For example, if the average customer spends INR 5000/- per quarter, all customers spending above INR 10,000/- per quarter for eight consecutive quarters would qualify as "loyal customers." However, there were customers who were consistently spending INR 15,000 or INR 20,000 or even more in the same period. Obviously, these customers were not equal and could not be treated as one. So, all qualified 'loyal customers' were further divided on the basis of the median purchase

amount, resulting in two sub-categories – 1) customers above the median purchase amount (labeled as high on behavioral loyalty) and 2) customers below the median purchase amount (labeled as low on behavioral loyalty). This process of identifying and classifying the behaviorally loyal customers is depicted in Figure 1.

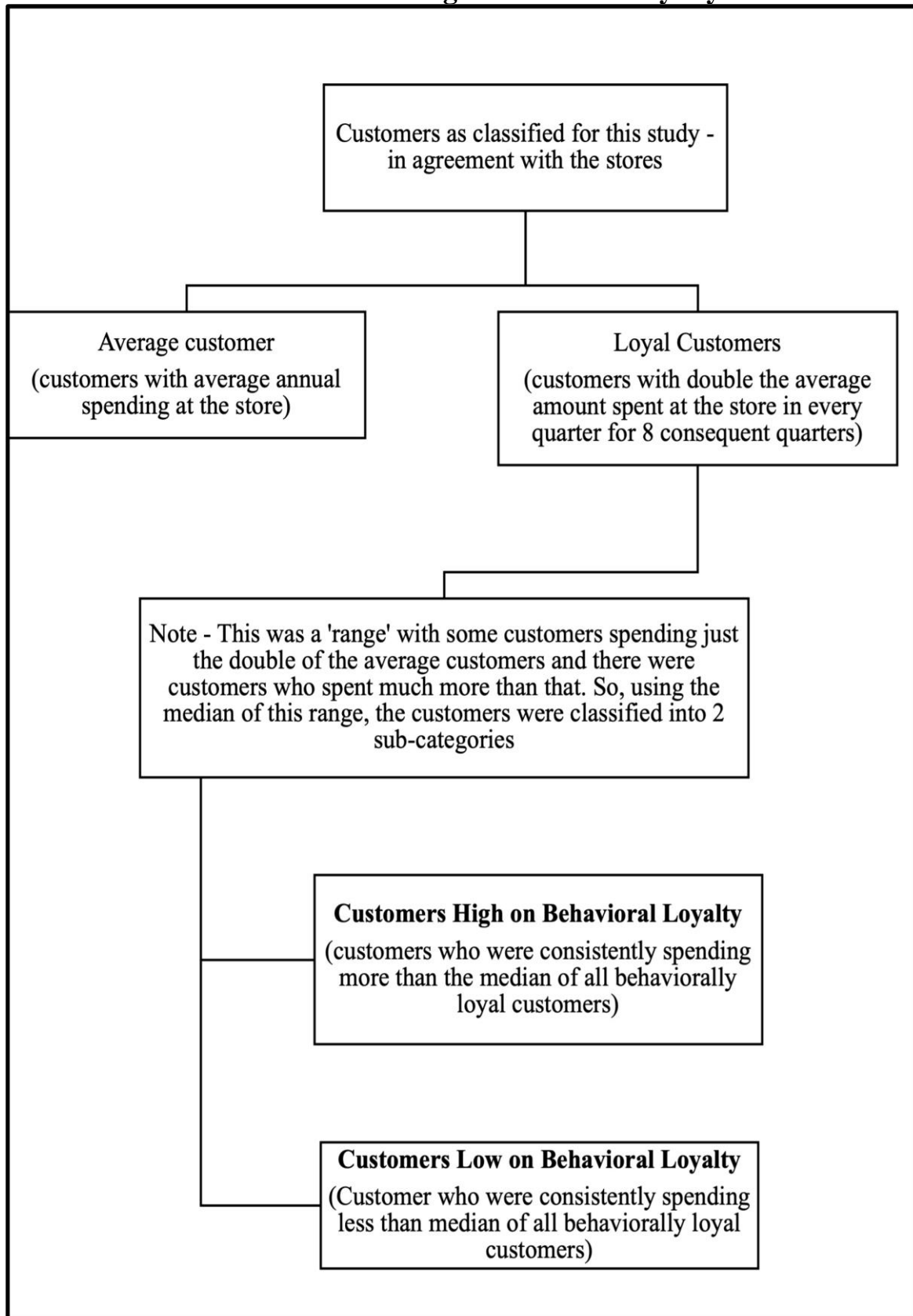**Table 1**
Profile of the respondents

Respondent Details	Measure	Sample composition	
		Count	%
Gender	M	204	57.95
	F	148	42.05
Age (Years)	18-25	49	13.92
	26-35	104	29.55
	36-45	87	24.72
	45-55	82	23.30
	>55	30	8.52
Behavioral Loyalty (Over 10 quarters)			
Dimension	*Average*	*Min*	*Max*
Frequency of purchase (Consistency)	8.64	4	13
Ticket size (INR)	5362	2945	11201

Data Collection. Nine MBA students were hired for data collection. They called all 4500 customers and briefed them about the study, the incentive associated with it, and that this study would last for one month and the customers can come to the store any time during the month and visit the data collection desk. Later, the students were divided into three teams of three members each, and one store was allocated to each team. They were provided a designated place in the store where they collected the data by administering structured questionnaires.

Measures. Data about – 1) customers' behavioral loyalty, 2) customers' attitudinal loyalty, 3) customers' entitlement mentality, and 4) the likelihood of customer misbehavior – was required for this study. The process of capturing customers' behavioral loyalty is given above. Since the stores did not measure attitudinal loyalty, it has been measured through self-reporting by the customers. A structured questionnaire made from items adapted from previously established scales (Appendix A) was used to capture customers' attitudinal loyalty, sense of entitlement and likelihood of misbehavior. The process of allocating scores for each of the parameters is elaborated hereafter.

Loyalty: Customers' spending data ranged between INR 12500 (minimum round-off) to INR 55600 (maximum round-off) per quarter. Since no customer had a spend of zero, it allowed the linear transformation of the data on a scale of 1 to 5, where 1 represented the minimum spend, and 5 represented the maximum spend. The linear transformation was performed by solving the two linear equations – a) $1 = m*12500 + C$. b) $5 = m*55600 + C$ for the values of m and C, and accordingly assigning the score of behavioral loyalty for each customer. For Attitudinal Loyalty scores, a six-item scale was used wherein the items were adapted from the work of Price et al. (1999) and Yi and Jeon (2003) (Appendix A). The combined attitudinal and behavioral loyalty scores became the 'Overall Loyalty' scores for each customer.

Figure 1
Identification and Sub-classification of
Customers with High Behavioral Loyalty

Customers as classified for this study -
in agreement with the stores

Average customer

(customers with average annual
spending at the store)

Loyal Customers

(customers with double the average
amount spent at the store in every
quarter for 8 consequent quarters)

Note - This was a 'range' with some customers spending just
the double of the average customers and there were
customers who spent much more than that. So, using the
median of this range, the customers were classified into 2
sub-categories

Customers High on Behavioral Loyalty

(customers who were consistently spending
more than the median of all behaviorally
loyal customers)

Customers Low on Behavioral Loyalty

(Customer who were consistently spending
less than median of all behaviorally loyal
customers)

Sense of Entitlement. Entitlement mentality has been captured through nine items adapted from the works of Campbell et al. (2004) and Boyd and Helms (2005). Finally, to assess customers' likelihood of misbehavior, items were grounded on the work of Oliveira and Veloso (2015), Schaefers et al. (2016), and Christopher (2018) and adapted to suit our context.

For all the above, the responses were captured on a five-point Likert scale ranging from strongly disagree (1) to strongly agree (5) and were averaged to get the overall score on the respective scales.

ANALYSIS

Analysis began with a preliminary data inspection to check for missing values, data accuracy, outliers, and normality, which did not display any major issues. Following that, the Confirmatory Factor Analysis (CFA) using AMOS has been used to test the reliability and validity of the constructs. Here, the overall loyalty has been operationalized as a second-order construct consisting of latent and highly correlated attitudinal and behavioral loyalty dimensions (r = 0.871, p = 0.000 < 0.01). Third, the imputed factors from the CFA were selected to represent the key study constructs before applying linear regression and analysis of variance (ANOVA) to test our hypotheses.

Also, all the measures except 'behavioral loyalty' (which was provided by the stores) relied on self-reported data, testing for the Common Method Bias (CMB) as well as Non-Response Bias has been undertaken and the findings are as follows:

Non-Response Bias Testing

Non-response bias occurs when the respondents who refused to participate in the study are different from those who participated. To assess the Non-Response Bias, the early respondents (top 15%) were compared with the late respondents (bottom 15 %) against the study variables (Armstrong & Overton, 1997). T-Test has been used to assess whether the two groups differed from each other. Results indicate that none of the measured variables differed significantly (p > 0.05) between the two groups. Hence, the non-response bias is not an issue in this research.

Common Method Bias (CMB) Testing

Given the use of self-report on measures (except the behavioral loyalty), the Common Method Bias could have been an issue. So, testing for CMB has been done through the Podsakoff (2003) procedure, according to which, if a single factor explains more than 50% of the variance, then it could be attributed to CMB. To check for that, all items (except behavioral loyalty), were rotated in an un-rotated principal component exploratory factor analysis, to extract a single factor. The results indicated that that single factor accounted for only 36.93% of the variance. This meant that CMB is not an issue in the data.

RESULTS

Results of Confirmatory Factor Analysis (CFA), Reliability, and Validity Analysis

To check the validity and reliability of the scales (Hair et. al., 2010), CFA has been performed in AMOS 23.0 SEM software. The overall goodness-of-fit of the CFA model was found to be satisfactory (Chi square/df = 3.01, p < 0.05; GFI = .893; CFI = .903; RMSEA = .025).

Cronbach's Alpha and Composite Reliability (CR) measures have been used to assess the reliability of the study constructs (Table 2). Both metrics indicated adequate reliabilities (> 0.70) of the scales used, as each of the item loadings were significant and exceeded 0.70 (Table 2). This reflects adequate level of convergent validity (Hair et. al., 2010). Further, the Average

Variance Extracted (AVE) for each factor, exceeded the value of 0.50 verifying the convergent validity (Hair et. al., 2010).

Table 2
CFA Results

Indicator	Construct	Stand. Loading	t	CR	Alpha	AVE
AL	**Brand Loyalty**	0.792	Fixed	0.749	.781	0.605
BL		0.821	Fixed			
Ent1	**Sense of Entitlement**	0.674	Fixed	0.943	.956	0.583
Ent2		0.740	9.445			
Ent3		0.759	10.738			
Ent4		0.879	11.168			
Ent5		0.739	9.528			
Ent6		0.738	4.129			
Ent7		0.792	12.681			
Ent8		0.795	12.714			
Ent9		0.729	11.861			
Misb1	**Likelihood of Misbehavior**	0.671	Fixed	0.793	.832	0.593
Misb2		0.697	10.652			
Misb3		0.692	10.595			
Misb4		0.723	10.935			
Misb5		0.842	12.096			
Misb6		0.771	11.422			
Misb7		0.870	11.703			
Misb8		0.851	12.165			
Misb9		0.791	12.011			

Note: AL - Attitudinal loyalty, and BL - Behavioral loyalty

To test for the discriminant validity, the square root of each construct's AVE has been compared with parallel inter-construct correlations. The square root of each construct's AVE was found to be exceeding the inter-construct correlations (Table 3), thereby verifying the discriminant validity amongst the constructs (Hair et. al., 2010).

Table 3
Discriminant validity results

Construct	AVE	Sense of Entitlement	Brand Loyalty	Likelihood of Misbehavior
Sense of Entitlement	0.731	**0.762**		
Brand Loyalty	0.604	0.448	**0.806**	
Likelihood of Misbehavior	0.577	0.558	0.118	**0.770**

Cluster Analysis

Respondents have been classified into high and low loyalty segments (for both attitudinal and behavioral loyalty) and were further sub-classified into three sub-sets (***Set 1: Customers with low behavioral loyalty but high attitudinal loyalty; Set 2: Customers with high behavioral and attitudinal loyalty; Set 3: Customers with high behavioral loyalty but low attitudinal loyalty***) using Ward algorithm and K-means clustering. The segmentation was conducted separately for attitudinal and behavioral loyalty, and after that, the three sub-sets were created. This clustering approach was preferred because it is a prevalent and reliable tool to assign cases to a fixed number of homogeneous clusters in which the cluster characteristics are not known a-priori but determined by the variables chosen by the researcher.

T test has been used to check the classification correctness of the segments based on high and low loyalty. The results show that the attitudinal loyalty score of customers with high loyalty (M = 3.33, SD = .42) was significantly higher than low loyalty (M = 1.87, SD = .48, N = 198) (t = 24.18; p = 000 < 0.05). Similarly, the behavioral loyalty score of customers with high loyalty (M = 3.90, SD = .50) was significantly higher than low loyalty (M = 2.07, SD = .41) (t = 12.18; p = 000 < 0.05). This establishes robust classification of respondents into high and low loyalty categories.

Regression Analysis

Ordinary Least Squares (OLS) regression analyses have been used to examine the hypothesis 1 and 3.

For the first hypothesis, the linear regression of entitlement scores (imputed factor scores) upon brand loyalty indicated that the overall model was significant (R^2 = 0.285; F = 139.252; p = 000 < 0.01) and explained around 28% of the variance. In addition, the significant and positive regression coefficient (β = 0.534; t = 11.801; p < 0.01) also indicated that customers with higher loyalty tend to have a higher sense of entitlement.

Similarly, for hypothesis 3, the output of Linear Regression showed a significant model (R^2 = 0.374; F = 208.88; p < 0.01) and explained around 37% of the variance. Further, the regression coefficient was found to be significant and positive (β = .611, t = 14.45, p < 0.01), indicating that customers with a higher sense of entitlement were more likely to misbehave. Thus, both the first and third hypotheses were supported.

Analysis of variance

For hypothesis 2, a One-way Analysis of Variance (ANOVA) was used (wherein customer entitlement was treated as the dependent variable and the customer loyalty groups (three sets of customers) as the independent variable), followed by a post hoc Tukey's HSD test to verify the significant differences in 'sense of entitlement' amongst the three sets of loyal customers.

The results were found to be significant (F = 592.27; p < 0.05) indicating that not all groups have equal means on 'sense of entitlement' and customers in set 3 (high behavioral loyalty and low attitudinal loyalty) were found to have the highest degree of 'sense of entitlement', while customers in set 1 (customers with low behavioral loyalty but high attitudinal loyalty) had the lowest degree of 'sense of entitlement' (p < 0.05). Thus, hypothesis 2 was also fully verified.

DISCUSSION

According to the theory of reciprocity and the theory of social exchange, in interpersonal relationships, loyalty often leads to expectations of reciprocals, which, when not met, ramify into dysfunctional relationships. This dimension has not been explored in the relationship between humans and brands and this study attempts to fill that gap by studying the

sense of entitlement and likelihood of misbehavior in loyal customers of three prominent retail stores. The findings clearly demonstrate that a higher sense of entitlement and likelihood of misbehavior are negative offshoots of loyalty. Through these findings, this study provides some novel and notable theoretical and practical insights to guide marketing practice and research. In this section, first the four findings of the study are summarized, and later, their theoretical and managerial implications are given.

Findings, Existing Literature, Implications, and Recommendations

The findings indicate that brand loyalty does lead to the development of a sense of entitlement in the customers. This is not only in line with the existing work on loyalty and entitlement (Li et. al., 2017; Wetzel et. al., 2014), but also offers additional insights into the relationship between loyalty, entitlement, and likelihood of misbehavior by concluding that this relationship will vary for the three sub-sets of loyal customers categorized on the degree of attitudinal and behavioral loyalty. Secondly, the existing work on the outcomes of entitlement in loyal customers focuses on very specific instances like – customers asking for more discounts or raising complaints (Li et. al., 2017) but this study broadens the scope by looking at the possibility of any type of misbehavior that the loyal customers might indulge in because of their sense of entitlement. In addition, the findings of this study also present a counter perspective to the work of Fisk et al. (2010), which states that loyalty works as an inhibitor to misbehavior. Finally, this study extends the Theory of Social Exchange and Theory of Reciprocity from interpersonal relationships into the domain of customer–brand relationships.

It was interesting, but not surprising, to find that amongst the three set of customers, customers with high behavioral loyalty but low attitudinal loyalty were not only found to have the highest degree of entitlement, but they were also most likely to misbehave. Customers with low behavioral loyalty and high attitudinal loyalty were found to be an exact vice-versa. These findings support the school of thought that claims that behavioral loyalty, in isolation, is transactional in nature, and without attitudinal loyalty, the customer–brand relationship lacks love, commitment, and emotional bonding. This study reinforces that customers with high behavioral loyalty and low attitudinal loyalty literally see their 'favorable behavior' towards the brand as a 'favor' that must be reciprocated, and in the absence of it, these customers are also likely to misbehave.

The managerial implications of these findings could be crucial for marketing practitioners who, under the pressure of making the numbers look good in the short run, encourage the creation of behavioral loyalty. This happens because organizations and marketers are under immense pressure from the street to give positive results every quarter. Achieving that in hyper-competitive and slow-growth markets is difficult, and it is natural to get tempted to focus on building behavioral loyalty and generating sales. Thus, strategies are designed and deployed that essentially tell the customers to - 'buy first, love later.' At the same time, building attitudinal loyalty takes a back seat because it takes a lot of time to build and because it is difficult to capture and express on paper every quarter.

The findings of this study provide empirical evidence that focusing too much on building behavioral loyalty can only backfire by putting a lot of pressure on the system by triggering 'negative demand' due to misbehavior from loyal customers and can escalate both direct and indirect costs. Hence, it is strongly recommended that the development of loyalty should be considered as a long-term strategic objective instead of a short-term tactical action. The argument that behavioral loyalty can trigger attitudinal loyalty in the future is often given in support of using 'buy first, love later' strategies. However, the facts speak otherwise. The antecedents of both kinds of loyalties are different. Behavioral loyalty comes out of situational triggers and habit (Johnson et al., 2006; Gustafsson et al., 2005), whereas attitudinal loyalty

arises from positive evaluation of the previous exchange experience with the seller (Liu-Thompkins & Tam, 2013). Since the antecedents of both loyalties are different, it is less likely that behavioral loyalty will converge into attitudinal loyalty in future. In fact, chances are that efforts made to build only behavioral loyalty will increase the sense of entitlement and non-fulfillment of high expectations will lead to frustration, and in the long run, this frustration would eventually corrode whatever loyalty they have (Dawes et. al., 2021). So, at the end marketers would have customers who have neither behavioral loyalty nor attitudinal loyalty. The proponents of attitudinal loyalty have always raised this issue, but the immense pressures get the best of marketers.

This work strongly advocates that marketers should instead work on building attitudinal loyalty that infuses commitment and belonging to the brand. Investments should be made to build capabilities that enrich the quality of exchange experiences that customers have with the brand because these are the antecedents of attitudinal loyalty.

Another major managerial implication based on the findings of this study is that it establishes the need to reconsider the segmentation and targeting of customers on the basis of loyalty. Most marketers still segment customers on behavioral loyalty only (like the three retailers who participated in the study). Customers are thus segmented and targeted on the shallow assumption that customers are either (behaviorally) loyal or non-loyal, and strategies are then designed on the basis of this superficial segmentation and targeting, which assumes that all loyal customers are alike, just as all non-loyal customers. This study reveals that nothing could be further than truth and recommends that customers must be segmented further on the nature of their loyalty. By doing that, marketers would immediately be able to have more fine-tuned strategies for customers because instead of two segments (loyal and non-loyal), they would have at least four segments (overall loyal, attitudinally loyal, behaviorally loyal, and non-loyal) to work upon and this can increase the effectiveness of marketing strategies drastically. At least, marketers would be able to predict which customers are more likely to misbehave and when, and hence, they would be better prepared with strategies to deal with that.

A major issue that gets highlighted with this study is that since marketers do not realize that there is a darker side to customer loyalty, they make no effort to measure its impact/costs and neither do they map the direct and indirect costs of customer misbehavior with loyalty-building measures, that is, marketers do not realize that loyalty leading to a sense of entitlement and that leading to the likelihood of misbehavior can not only have observable and measurable implications and costs but can also have serious indirect ramifications in terms of employees' well-being and morale. This study brings forth the idea that marketers must start mapping the cases of customer misbehavior with the sub-segments of loyalty and start assessing whether it is worth retaining such customers, let alone trying to nurture them. Marketers might find that they are investing two times in certain customers. First in nurturing behavioral loyalty in them and then in dealing with their misbehavior. Overall, marketers might realize that these two costs outweigh the benefits of repeat business given by behaviorally loyal customers. In other words, if marketers map the cost of misbehavior of loyal customers correctly, they might find that by investing in only behaviorally loyal customers, they are, in fact, spending to increase the costs of misbehavior for their own brand and organization.

An additional advantage of having knowledge about the segment of loyal customers who are likely to misbehave due to their sense of entitlement, can help service marketers in finetuning the training of the frontline employees who need to be sensitized about these customers and their mindset. The frontline employees must be trained to handle these customers properly because, unlike non-loyal customers, these customers are behaviorally loyal and give business to the brand. Therefore, the frontline employees must be trained that these customers should not be tackled like non-loyal customers because that will frustrate them

even more. It is thus recommended that the training manuals and the SOP (Standard Operating Procedure) of frontline employees should be designed in line with the findings of this study.

CONCLUSION

Altogether, this study underscores that gross simplification of customer loyalty can be minimal. It highlights that if marketers focus only on building behavioral loyalty under pressure or because of ignorance, they are making a mistake. Essentially, the error of misplaced incentives can use marketers' own money to fund their own problems in the future.

This study contributes by deepening the literature on customer loyalty and widening the use of related theories. It is robust and generalizable because every service brand can deploy the findings of this study, fine-tune their segmentation and targeting strategies and loyalty programs, train employees, and better deal with customer misbehavior.

LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

The strength of this study is that it presents a novel and robust perspective on loyalty, thereby adding to the theory and has the potential to enrich the practice of services marketing. However, it has a few limitations as well. One is that it looks at the likelihood of misbehavior, but whether that likelihood translates into actual misbehavior has not been mapped. Future researchers can investigate this by mapping the instances of misbehavior with the nature of customers' loyalty. Secondly, as mentioned in Fisk et al. (2010), there are different types of customer misbehavior, so it might be interesting to explore which category of loyal customers would engage in which types of specific misbehavior because that has not been mapped in this study. Similarly, although this study's generalizability seems logical, it still has not explored whether the loyal customers of different services have different levels of sense of entitlement and whether they engage in different types of misbehaviors. Also, the reference to customer misbehavior in this study, has been considered only with respect to service brands. Future researchers may like to consider a broader definition of 'misbehavior' and consumers' misbehavior with the products and on social media. Finally, the likelihood of misbehavior can be affected by the culture, and since this study has been conducted only with Indian customers, one of its limitations is that it lacks a cross-cultural examination of this entire idea. Since this is the first of its kind investigation into selected side effects of loyalty, it can be said that there are ample research opportunities in this area and interesting questions await the attention of researchers, just like the simple but profound central idea of this study waited for so long for its time.

CORRESPONDING AUTHOR:
Pankaj Chamola, Ph.D.
Assistant Professor of Marketing
Jaipuria Institute of Management, Jaipur
1, Bambala Institutional Area
Pratap Nagar, Sanganer, Jaipur - 33, Rajasthan, India
E-Mail: chamola.pankaj@gmail.com

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APPENDIX A: LIST OF MATERIALS

Capturing Behavioral Loyalty: Customers' behavioral loyalty was captured through the retail stores' purchase data (consistency and value of purchase). The process is described in detail above.

Capturing Attitudinal Loyalty: The following items, adapted from the work of Price et al. (1999) and Yi and Jeon (2003), have been used to capture customers' attitudinal loyalty.
I feel a commitment to continuing a relationship with this store.

- I am alright in making an extra effort to continue coming to this store.
- I feel like I am going to buy from this store in future also.
- I would continue to do buy from this store even if it charges more than other stores.
- I like this store more than other stores that sell similar products.
- I give first considerations to this store when I need to buy the products that are sold here.

Capturing Customers' Sense of Entitlement – Customers' Sense of Entitlement has been captured through the following items which are adapted from the work of Campbell et. al. (2004), and Boyd and Helms (2005).

- As a valuable customer of the store, I demand the best because I'm worth it for the store.
- I do not necessarily deserve special treatment at the store (reverse coded).
- Valuable customers deserve an extra pampering / care from the store every now and then.
- As a valuable customer of the store, I feel entitled to more of everything when I shop at this store.
- I deserve to be taken to where a particular item is in a store and not told "well, it's on that aisle".
- I absolutely believe in the saying "the customer is always right", especially if the customer is giving a lot of business to the brand.
- Customers like me, who give a lot of business to the store, deserve absolute empathy from a store clerk when I have a problem.
- As a valuable customer of the store, I have earned the right to deal exclusively with a store's most talented staff members.
- In some real sense, I feel that a store's personnel should cater to my every whim.

Capturing the Likelihood of Misbehavior: The Likelihood of Customers' Misbehavior has been captured through the following items, which are adapted from the work of Oliveira and Veloso (2015), Schaefers (2016), and Christopher (2018).

- I will argue energetically with store attendants if they don't do what I asked for.
- I might react badly if I don't get what I deserve as a good customer.
- Stores (and their employees) might get mistreated by the customers, have usually done things to deserve it.
- It is wise to flatter important people.
- If the store does not treat as I deserve to be treated, I will not do illegal things but I will certainly raise my voice and fight for my rights.

- If a store or their employee despise me despite being a good customer, I will despise them.
- Store not treating a loyal customer properly is worse than the customer fighting for the right treatment.
- I am a valuable customer of the store and hence, the rules should be different for me.
- If the store or its employees do not treat me like I treat them, I think I will treat them worse