

WHAT PREDICTS REPURCHASE? A LONGITUDINAL STUDY OF ATTITUDE, INTENTIONS AND REPURCHASE

*Suzan Burton, Macquarie Graduate School of Management, Macquarie University, NSW 2109,
61 2 9850 9967, suzan.burton@mgsm.edu.au*

Martin Quick, Mitsubishi Motors Australia, SA 5039, 61 8 8275 2327, mquick@mmal.com.au

ABSTRACT

This study examines the relationship between customer demographics, satisfaction, willingness to recommend, and repurchase behaviour for a sample of car buyers' over an eleven year period after purchase. Demographic factors were the only purchase predictors of repurchase within five years. However measures of satisfaction and willingness to recommend at five years after purchase were found to be significant predictors of repurchase behaviour over the subsequent six year period. In particular, lower satisfaction and willingness to recommend at five years after purchase were associated with higher rates of defection to a competing brand. Implications for research and for management are discussed.

LITERATURE REVIEW

Of the factors which are likely to influence a repurchase decision, satisfaction in particular has received considerable attention, as a leading indicator of repurchase [1-3]. However, research shows the empirical link between satisfaction and actual repurchase is weak [4], and previous research has provided limited evidence of the extent to which satisfaction might influence long term repurchase behaviour if there is a long period between the satisfaction measurement and repurchase. In particular, there is limited empirical evidence as to the role of satisfaction on repurchase of high involvement products, and Srinivasan and Ratchford [5] suggested that much of the research that does exist is based on theoretical models and that "there have been few attempts to test such models empirically". In response to this ongoing uncertainty concerning the value of satisfaction in predicting customer repurchase in high involvement categories, this study has three objectives: 1) to examine the value of satisfaction measures in predicting long-term repurchase rates; 2) to compare satisfaction measures with other measures such as willingness to recommend and 3) to see if other non-attitudinal measures available to the business (for example customer demographics) are significantly associated with repurchase rates.

METHODOLOGY

The study was performed in three waves; the first wave surveyed 3000 customers who had purchased one of two models of cars, and who had previously returned satisfaction surveys one month and eleven months after purchase, and received 1367 responses, for a response rate of 45.6%. This first wave of the study was conducted five years after the initial purchase, thus providing a mixed sample of respondents, some of who had repurchased the same brand within five years, and some who were still yet to repurchase. The survey established whether customers had repurchased, assessed customer evaluations of the current vehicle, and future stated repurchase intentions. One year later (thus six years after the initial purchase), the 907 subjects who had had not yet repurchased were followed up in the second wave to establish whether they had repurchased, allowing analysis of the association between stated repurchase intentions and actual behaviour over a twelve month period. Five years later (and thus eleven years after the initial purchase) the 354 individuals who had replied to the first wave, and who were still to repurchase at that time, were resurveyed.

RESULTS

Of 1367 responses to the first wave, 343 respondents (25.1%) had already repurchased the same brand of vehicle. All remaining respondents still had the original (five-year-old) product. Logistic regression was used to assess the extent to which one-month, eleven-month satisfaction measures or other demographic factors (i.e. those measures collected prior to repurchase) predicted subsequent repurchase. The results show three demographic measures were significantly associated with repurchase: income ($p < 0.001$), number of children, ($p = 0.387$) and age ($p < 0.001$). Two measures of experience were also associated with increased repurchase; previous number of cars purchased ($p < 0.001$), and number of services with the dealership ($p = 0.026$). Number of services with the company was, however, negatively associated with repurchase probability, the greater the use of Brand X for service, the lower the purchase probability. No satisfaction variables collected at one or eleven months after purchase were significantly associated with subsequent repurchase ($p > 0.1$).

Since only 18 customers (or 2.1%) repurchased within years five to six, the use of five year measure to predict behaviour in the subsequent twelve month lacks power. As a result, all customers who had not repurchased by year five and who were successfully contacted in year eleven were included in the third and final wave. In this analysis, five-year measures of satisfaction and willingness to recommend were compared across the three groups. Results are shown in Table 1 and Table 2, showing significant differences across the three purchase behaviours, measured six year later. Follow up Tukey tests showed that those who subsequently repurchase a competing brand had 1) lower mean levels of satisfaction at 5 years and 2) lower willingness to recommend than customers who a) retained the original vehicle or b) repurchased the same brand.

Table 1: Mean satisfaction at five years and subsequent repurchase activity

Behaviour	<i>n</i>	Mean satisfaction at 5 years	StDev
Retained original vehicle	169	7.3	1.72
Purchased competing brand	133	6.7	1.91
Repurchased same brand	62	7.3	1.4

$F: 4.45, p = 0.012$

Table 2: Mean willingness to recommend at five years and subsequent repurchase activity

Behaviour	<i>n</i>	Mean willingness to recommend at 5 years	St.Dev
Retained original vehicle	171	7.5	1.82
Purchased competing brand	134	7.1	1.97
Repurchased same brand	62	7.6	1.41

$F: 3.35, p = 0.036$

DISCUSSION

While researchers and managers have put considerable effort into measuring and modelling customer satisfaction, satisfaction has been suggested to be a weak predictor of customer behaviour, in both absolute terms and when compared to other survey measures, such as willingness to recommend [6]. This study is the first to conduct a long term follow up of customer satisfaction and behaviour, and presents some interesting findings about the use of satisfaction as a long term measure. Five year follow

up after purchase showed that demographic measures, but not satisfaction measures, are the only predictors of long term repurchase. However a longer term follow up of customer behaviour showed that customers who rebought a competing brand had significantly lower satisfaction and repurchase intentions than those who rebought the same brand. Attitudinal and intention measures at five years thus provided a stable long term predictor of behaviour which was lacking in earlier satisfaction measures.

The results raise some interesting questions for the automobile industry, which spends large amounts of money on measurement of customer satisfaction after purchase. Does the fact that that satisfaction measures taken in the year after purchase are not significantly associated with repurchase within a five-year period mean that companies should not bother to collect these measures? The answer is undoubtedly no, because the satisfaction measures were strongly correlated with willingness to recommend the brand and the dealer. However it seems that satisfaction measures taken at five years provide a more powerful predictor of subsequent activity, but at this stage, standard industry practice has ceased to track customer satisfaction. Our results suggest that identifying dissatisfied customers *after* the first few years, (when satisfaction is typically measured), has the potential to identify the dissatisfied customers who otherwise are likely to switch to a competing brand.

CONCLUSION

The study extends previous research into satisfaction and purchase behaviour, by investigating the predictors of actual repurchase behaviour over an eleven year period. Contrary to expectations based on the literature, the research shows that satisfaction provides a stable predictor of customer repurchase. However because companies routinely survey customers in early years of vehicle ownership, when problems may not have arisen, early measures may not predict subsequent behaviour. In addition, unless all customers are retained on a company database and followed up, the selective exit of dissatisfied, disloyal customers from the data base may result in an inability to detect the significant effects of dissatisfaction revealed in this study. Our study suggests that in this market, although satisfaction does not result in earlier sales, *dissatisfaction* is associated with subsequent purchase of a competing product over the ensuing six year period. While this finding is not inherently surprising, no previous studies have conducted the long term follow up of both loyal and disloyal customers tracked in this research, and this long term effect of dissatisfaction has not been revealed in previous studies.

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