Chapter 1
Loyalty in Crisis: Evidence from Greece

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ABSTRACT
This chapter examines customer loyalty across the supply chain during the economic crisis in Greece. The authors posit the following research questions: How does customer’s loyalty change in light of the financial crisis and to what extent does customer loyalty contribute to a firm’s performance during an economic crisis? The factors discussed are satisfaction, exchange of information, trust, competition, and finally, customer loyalty in fragile economic conditions. In order to examine customer loyalty in a period of crisis, the authors drew their sample from Greek manufacturing companies in 2012. They received 131 usable questionnaires. The total response rate was 13.1%. The results indicate that there is a quite high level of loyalty, which drives them to continue their partnership in the future, but also to recommend their partner to other firms.

1. INTRODUCTION
This chapter examines customer loyalty across the supply chain during the economic crisis in Greece. Financial crisis started in Greece in 2008 and has resulted in severe recession. In 2011 Greece’s total economic output was 16% below the pre-crisis peak. Government deficit and government debt in 2010 reached −10.6 and 144.9% of Gross Domestic Product, respectively (Eurostat, 2013).

The current economic climate in Greece and elsewhere in Europe means that firms have to deal with high uncertainty and difficulties into remaining within competition. Hence, it is vital for firms to keep their customers since economic crisis means that it is not easy to invest into the acquisition of new customers.

The construct of loyalty has gained a lot of interest in marketing research since the ’70s while the customer loyalty within business gained attention in early ’90s due to changes in the business environment, such as the intensified competition and a shift to satisfy customers across different cultures globally (Jacoby & Chestnut, 1978). Gorbatenko...
(2011) argued that although the phenomenon of customer loyalty has been studied for decades, the question of the best method for measuring loyalty still has no definitive answer.

Soulaki (2010) claimed that a major impact of the economic crisis is the fear and uncertainty of the future with more consumers seeking to better manage their expenses. Mansoor (2011) concluded that the economic recession forced consumers’ behaviour to include aspects such as “the need for simplicity,” “temperance,” “smart consumption,” “green consumerism” and “ethical consumerism.” Voinea and Filip (2011) suggested that consumers will continue to purchase goods in order to satisfy their basic needs however the way they do this will change as they have new preferences and the desire to be more active and responsible of their lives is intensified.

The importance of this study lies to the fact that no sufficient literature exists relating to the impact of the current financial crisis on customer loyalty across the supply chain. This gap of knowledge in the existing literature should be addressed as companies and academics would be interested in the results of our research since it could enlighten them regarding the marketplace and the customer needs, while it can help them to better manage, formulate and implement a customer driven marketing strategy.

Thus, the aim of our study is to analyze the customer loyalty across the supply chain during the economic crisis in Greece. We posit the following research questions:

1. How does customer’s loyalty change in the light of the financial crisis and
2. To what extent customer’s loyalty contributes to a firm’s performance during an economic crisis?

The structure of the chapters is as follows: the next section discusses the background of this research by exploring in greater detail aspects of the current literature such as customer loyalty in supply chain management and factors that have an impact on customer loyalty. Section 3 presents the methods employed when undertaking this research while section 4 discusses the solutions and recommendations derived from our findings. Finally section 5 provides our concluding remarks and suggests areas for future research.

2. BACKGROUND

There is consensus that true loyalty is demonstrated when individuals choose to remain customers of a company even when they are not offered the best quality of products and services (Ahluwalia et al., 2000). The type of loyalty that is characterized by commitment is called premium quality (Gounaris & Stathakopoulos, 2004). Loyal customers are characterized by repetitive purchasing of products and services, recommending the company to others, defending it against bad comments by strongly supporting their choices (Akhter et al., 2011).

Loyalty can be measured with both attitudinal and behavioral items (Jacoby & Kyner, 1973; Dick and Basu, 1994; Fathollahzadeh et al., 2011; Akhter et al., 2011). Attitudinal measurements, due to the fact that they reflect the psychological and emotional attachment to loyalty, are used in order to understand the cognitive elements that underlie purchasing motives and future actions (Bowen & Chen, 2001; Fathollahzadeh et al., 2011). They are viewed to add some degree of value to the product or service (Wu, 2011). Behavioural measurements, on the other hand, focus on the customer’s purchasing history (Vesel & Zabkar, 2009; Fathollahzadeh et al., 2011) and have been measured by the repetitive purchasing behaviour that a customer shows towards a product or service (Wu, 2011).

Due to the economic crisis consumers are seeking to better manage their expenses out of fear and uncertainty of the future. Consumers are becoming more rational in terms of purchasing decisions which means that they are spending more