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The Role of Customer Loyalty as a Brand Extension Purchase Predictor

The paper explores the relationship between customer loyalty to the retail brand and the purchase of non-traditional products and services (NTPS) offered by grocery retailers with their private label (i.e.: over-the-counter products, photo printing, mobile communication services and travel booking). Customer loyalty to the retail brand is measured through its behavioral and attitudinal components. A survey was conducted administering a questionnaire to 480 retail customers in two stores belonging to different retail grocers. A binary logistic regression was then applied using the buying of at least one NTPS as the dependent variable (1= buy; 0= no buy) and behavioral loyalty and attitudinal loyalty as independent variables. Results show that attitudinal loyalty plays a significant role as buying predictor, but this depends on the NTPS offered. Theoretical and managerial implications are derived.

Keywords: customer loyalty, retail brand, non-traditional products and services, private label, grocery retailing

Introduction

The academic literature has acknowledged the benefits that companies can gain by implementing a customer-loyalty oriented strategy.

First, such a strategy guarantees lower costs associated with the retention of existing customers as opposed to the costs of constantly seeking new customers, particularly in competitive and mature markets (Ehrenberg and Goodhardt 2000). Secondly, loyal customers are typically less price sensitive (Krishnamurthi and Raj 1991), less reactive to potential negative experiences, to promotional and advertising policies and to switch to competitors (Dick and Basu 1994; Jensen and Hansen 2006; Sambandam and Lord 1995). Thirdly, long-term customers act as communication channels for the brand by informally exchanging opinions and information with their network of friends, relatives and acquaintances, bringing about beneficial positive word of mouth (Wright and Sparks 1999; Zeithaml, Berry and Parasuraman 1996). Last but not least, brand-loyal customers are inclined to purchase more in terms of value and amount of products, and they have a tendency to purchase new products (Reichheld and Sasser 1990). Hence, having a solid and loyal customer base can lead to a sustainable and lasting competitive advantage for companies, with potential impacts on profitability (Reichheld 1993).

The role played by customer loyalty is particularly crucial in the grocery retail sector. The very competitive environment and the low switching costs that now characterise this market have increased the retailer costs of consumer acquisition; these players are therefore encouraged to enhance and sustain customer loyalty, fostering long-term relationships with their customers (Gable, Fiorito and Topol 2008; Jensen 2011; Wallace, Giese and Johnson 2004). The consolidation of preferences for the retailer brand is pursued through various strategies, and retailer private label plays a central role amongst them, as it is now present in almost every category of consumer goods and displays high penetration rates. Private labels (PLs) or store brands have been defined as brands owned, controlled, and sold exclusively by one retailer under its own brand name (Sethuraman and Cole 1999). The importance of PLs in the grocery sector has increased enormously over the past two decades, especially within Europe (PLMA 2012). Brand extension has extended into non-traditional product and service (NTPS) categories (Burt 2000). NTPS are here defined as those products and services categories offered by grocery retailers, under their PL brand, in addition to the core products, that is products defined on the basis of the traditional industry classification, for example groceries in this case. NTPS examples include: over-the-counter products (e.g. Parapharmacy Carrefour), fuel stations (e.g. Auchan fuel stations), financial services (e.g. Sainsbury's Bank), mobile communication services (e.g. Tesco mobile), etc. This extension has been seen in the main grocery retailers operating in Italy (Martinelli 2010). Coop Italia, Conad, Finiper, Carrefour Italia and Auchan Italia started in the mid-2000s to offer NTPS and they are increasingly involved in extending their diversified offer in this way.

As previous studies on store brands showed a relationship between PL proneness and customer loyalty (Ailawadi, Neslin and Gedenk 2001; Ailawadi, Pauwels and Steenkamp, 2008; Binninger 2008; Corstjens and Lal 2000; Kumar and Steenkamp 2007), we argue that brand stretching offers proposed by grocery retailers will encounter a more favourable acceptance from the most loyal customers, even when it comes to NTPS. In previous work the relationship between customer loyalty and PL proneness has been investigated taking into consideration grocery categories; knowledge on NTPS is lacking. In this article the main research question is whether there is a relationship between those customers who show a higher level of loyalty to the retailer and those who are more inclined to purchase NTPS. We contribute to deepening the academic understanding on this topic by proving that loyalty to the retailer is also a predictor of NTPS purchases. Furthermore, while it has been proven that cross-buying is a consequence and not an antecedent of behavioral loyalty (Reinartz, Thomas and Bascoul 2008), few studies so far have investigated the causal link between cognitive-based forms of loyalty, such as attitudinal loyalty, and cross-buying. Consequently, our paper provides a contribution to the extant literature by demonstrating the existence of a causal link between attitudinal loyalty and cross-buying. This knowledge could have managerial implications as it could help retail managers and business practitioners to increase the effectiveness of their brand extension strategies, focusing on customers that show a specific relationship with the retailer.

To achieve this objective, an in-store survey was undertaken, in which 480 customers of two grocery retailers operating in Italy were interviewed. The extra-core products and services taken into account were: over-the-counter products, photo printing, mobile communications services and travel booking. Through a binary logistic regression, the contribution of the main components of customer loyalty to the retailer, namely behavioural loyalty and attitudinal loyalty, has been identified.

After highlighting the context and reasons why NTPS are offered by grocery retailers, the paper generates the hypotheses and describes the methodology employed. The outcomes from this research are illustrated and discussed together with managerial implications. The article concludes with limitations and possibilities for future research.

PLs and NTPS in grocery retailers' offers

The increasing competition and emerging saturation in the grocery sector have strengthened grocery retailers in extending their assortments (Colgate and Alexander 2002). Product and service category extension has become a strategic objective for grocery retailers (Laforet 2007).

Within this context, grocery retailers can gain advantage from cross-selling additional products/services to existing customers. First, since product category diversification can lead to higher sales volumes (Etgar and Rachman-Moore 2010) and greater profitability, we could reasonably expect the same positive effects on turnover and margin when the offer extension is based on NTPS. Secondly, NTPS can strengthen customer loyalty, which is a valuable asset in this sector. Thirdly, since grocery assortments are usually highly standardised, the extension to own-labelled NTPS can support grocery retailers' attempts to differentiate their offer from competitors.

The PL role has evolved over time: the PLs' offer has increased and now covers not only almost any Fast Moving Consumer Goods (FMCG) category, but also non-food categories (e.g. clothes, appliances, etc.) and services (travel booking, broadband communications, etc.). Therefore, the extension of PLs to new and unusual products and services has become an important strategy for grocery retailers. Furthermore, PL perceptions by consumers is now more positive than in the past (Steenkamp, Van Heerde and Geyskens 2010). Traditionally, compared to national brands, store brands have been positioned as low price/good value for money offerings in grocery categories, but today they have increased their quality and enhanced the ways in which they are perceived. This enhanced PL image enables grocery retailers to be perceived as more trustworthy and thus more successful in extending their offer beyond their core assortment, further encouraging them to be more determined in the pursue of this strategy.

In Italy, the offer of NTPS branded with the retailers' PL started quite recently (mid-2000s) and much later than other European retail markets. In the UK, for example, Tesco started to offer its own fuel stations in the 1970s, while in France Auchan established its own bank (Banque Accord) at the beginning of the 1980s. The lateness of the Italian evolution can be ascribed to offer, demand and context factors. As the retail revolution in Italy occurred later than other major European national contexts and as many national law constraints to liberalisation were present, brand offer extension only started to gain the interest of Italian grocery retailers recently. This was also in order to respond to the changing customer shopping habits increasingly aimed at buying bundles of products and services. Retailers are seeking to better serve customer needs and wants and boost customer loyalty (Chierchia 2007; Martinelli 2012). As a consequence, retailers are enlarging their value proposition through new products and services going beyond their traditional core-offer. Financial services, broadband, utilities, holiday booking, etc. are increasingly becoming part of the "usual" retailers' offer through store brands.

Nonetheless, the continuous assortment extension to extra-core categories provided by retailers led Burt (2000) to wonder to what extent retailers can follow such growth strategy, although noting that brand extension "*provides further confirmation of the central role that retail brands now play within corporate strategy per se*" (Burt 2000, 875).

Brand extension to novel product categories benefits from the positive effect of brand association (Aaker and Keller 1990; Park, Milberg and Lawson 1991). Customers are more inclined to trust the whole range of products under the brand name they are loyal to (Grayson and Ambler 1999) and they purchase products from multiple categories (Reinartz, Thomas and Bascoul 2008). Moreover, Lancaster (1990) acknowledges that increasing product lines is likely to increase product demand too. Indeed, it is possible to argue that the most loyal customers, who are the most sensitive towards buying new product offers, especially the own-labelled ones, are usually the most inclined to purchase this products and services. But is it really so? In the following section we focus on answering this research question, starting with describing the conceptual framework underpinning this study and presenting the crucial hypotheses supporting our work.

Conceptual framework and research hypotheses

Marketing and customer behaviour scholars have long since focused their attention on brand loyalty: this is a complex multidimensional concept, which is determined by several psychological processes and whose measurement requires the use of a number of variables. Oliver (1997, 392) defines loyalty as "a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brandset purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior".

Despite many papers written on this topic, so far no agreement has been reached on a common way of conceptualising and operationalising the loyalty construct (Kumar, Dalla Pozza and Ganesh 2013; Pan, Sheng and Xie 2012).

There are two traditional theoretical perspectives aimed at studying customer loyalty. The first is based on the behavioral viewpoint, meant at conceptualizing customer loyalty as the observable actions of loyal customers showing a repetitive experience of buying towards a certain brand (Ehrenberg and Goodhardt 2000; Mägi 2003; Huddleston, Whipple and VanAuken, 2004). As Gupta and Zeithmal (2006, 720) stated, consumers can be defined as behaviourally loyal "if they continue to buy the same product over some period of time". Consequently, behavioral loyalty has been traditionally measured as repeat purchase frequency and/or relative volume of purchasing of a specific brand (Tellis 1988).

The second theoretical perspective is the attitudinal one, which considers loyalty "as based on a degree of dispositional commitment in terms of some unique value associated with the brand" (Chaudhuri and Holbrook 2001, 82). Operationally, attitudinal loyalty has then been generally measured in terms of preference (Bowen and Chen 2001; Butcher, Sparks and O'Callaghan 2001), commitment to brands (Dorsch, Grove and Darden 2000; Bloemer and De Ruyter, 1998), repurchase intentions (e.g., Reynolds and Arnold 2000) and intention to recommend to others (e.g., Mattila 2001).

Using either one of these two perspectives tends to be biased (Odin and Valette-Florence 2001). In fact, behavioral loyalty could be spurious because it could be based on convenience and switching costs (Jacoby and Chestnut 1978). On the other hand, attitudinal loyalty per se could provide a partial view of the loyalty phenomenon, ignoring behaviors. This is why, more recently, a third perspective emerged, considered as a synthesis viewpoint, where loyalty is conceived to consist of both components: attitudinal and behavioral (Chaudhuri and Holbrook 2001; Rundle-Thiele 2005; Russell-Bennett, McColl-Kennedy and Coote 2007).

Following this latter perspective, in this work loyalty is defined as the customer's preference for a retail provider (attitudinal dimension) and his/her repetitive behavior to patronize and buy from that retail provider (behavioural dimension). This paper considers a conceptualisation of loyalty in relation to the retail brand. While customer loyalty in retail settings has been mainly investigated at a store level (Bloemer and De Ruyter 1998; Sirohi, McLaughlin and Wittink 1998; Sivadas and Baker-Prewitt 2000), recent attention has related to the retail brand equity perspective (Ailawadi and Keller 2004; Burt 2000; Burt and Davies 2010) suggesting a shift towards the retailer level.

The behavioural dimension of customer loyalty to the retailer refers to the customer's repetitive purchase behaviour. This is particularly true in grocery retailing where the store proximity and price convenience of the offer are crucial to determine the retailer in which to shop. In this business sector, consumers tend to adopt buying choices that minimize cognitive shopping efforts and search costs. Thus, when products are available within the same retail space, other conditions being equal, consumers are likely to adopt simplified decision heuristics that lead them to concentrate purchases within the same store premises in order to reduce cognitive and economic costs. It is this aspect of loyalty that the majority of studies in retail contexts has considered (Huddleston, Whipple and Van Auken 2004; Mägi 2003). In particular, these studies operationalized this loyalty component by means of behavioural indicators, such as: percentage of purchases in a specific retail outlet (Macintosh and Lockshin, 1997; Sirohi, McLaughlin and Wittink 1998), the amount purchased (Corstjens and Lal 2000), and the frequency of visits (De Wulf, Odekerken-Schröder and Iacobucci 2001; Mägi 2003). These studies prove the existence of customer loyalty in a store environment where physical products are present, such as a grocery store. Since previous research states a positive causal relationship between behavioural loyalty and purchase (Reinartz, Thomas and Bascoul 2008), and given that NTPS are increasingly offered by grocery retailers within the same store premises, we can hypothesize that behavioural loyalty acts as a predictor also of the purchase of extra-core products and services:

H1: Behavioural loyalty (BL) predicts the purchase of non-traditional products and services

Repeated purchase behaviour is pivotal to generating loyalty, but loyalty based on customer's simplified heuristics does not safeguard a company from the danger of that loyalty being non-authentic and caused by inertial behaviours or lack of alternatives (Dick and Basu 1994; Jacoby and Kyner 1973). From this point of view, heuristics that lead to repeated purchase behaviour are likely to generate true loyalty only if the customer exhibits a positive attitudinal disposition towards the brand. This paper considers attitudinal loyalty "as a psychological state (affective and/or cognitive) that the customer may attain as a result of the firm's relational strategy" (Picón et al, 2014, 746) leading to a positive consumer's attitude towards the firm. Since preferences towards a brand are related to consumer knowledge about brand attributes, attitudinal loyalty has many points in common with the cognitive loyalty construct, defined by Oliver (1999, 35) as "the brand attribute information available to the consumer [that] indicates that one brand is preferable to its alternatives". This is therefore our interpretation of attitudinal loyalty. Customers who are more loyal to the retailer show greater propensity to choose its store brand (Baltas and Argouslidis 2007). Thus, as the literature shows a positive relationship between attitudinal loyalty and purchase, so that customers are more inclined to buy the whole range of products under the brand name they are loyal to (Reichheld and Sasser 1990), and given that NTPS are increasingly offered by grocery retailers within the same umbrella branding strategy (Collins-Dodd and Lindley 2003), we posit the following hypothesis.

H2: Attitudinal loyalty (AL) predicts the purchase of non-traditional products and services.

Methodology

To meet the research goal, an in-store survey was conducted, administering a structured questionnaire to samples of retail customers. The questionnaire items to be investigated were identified on the basis of a literature review on papers concerning behavioural and attitudinal customer loyalty in retailing contexts. In particular, we decided to use the contributions reported in table 1.

[Insert here Table 1]

The questionnaire was pre-tested on a small sample. Then it was administered to consumers in two hypermarkets, located in different towns in North Italy and belonging to two of the main grocery retailers operating in the country and offering the NTPS investigated: i.e. over-the-counter products, photo printing, mobile communication services, travel booking. The decision to administer the questionnaire in different stores/retailers responds to the opportunity to avoid possible distortions due to the specific positioning of a certain retailer/store.

A convenience sample of 480 retail customers was interviewed. Data was gathered within a period of two weeks on different days and at different times in order to collect the greatest variety of buying models.

First, interviewees were asked whether they were buyers of the NTPS observed or not. Then, the respondents were asked to evaluate their level of customer loyalty to the retailer. Behavioral loyalty was assessed asking to the interviewees to express their level of relative patronage of the retailer observed, compared to possible others as well as to reveal the percentage of monthly total household expenditure budget spent in the retail chain. To measure attitudinal loyalty respondents were requested to give a score to three items measured on a 7-point Likert scale (1= totally disagree; 7= totally agree).

The sample (Table 2) was mainly made up of women (59.6%). Interviewees were largely concentrated in the intermediate age range: 27.1% of the respondents were aged between 36 and 50, 23.5% between 26 and 35, 26.9% between 51 and 65, while only 11.9% were young (< 25 years old). 28.3% of the respondents had a secondary level of education and 23.1% possessed a bachelor degree. Graduates accounted for 24.6% of the respondents, while only 2.5% possessed a post-graduate degree.

[Insert here Table 2]

Retail customers who bought at least one NTPS represented 74.4% of the sample, with an average of 1.31 NTPS bought per respondent (Table 3). One hundred and twenty three retail customers did not buy any non-core category.

[Insert here Table 3]

We controlled for possible product-specific effects by conducting the analysis both for the set of products and for each of the four products separately.

Results

The customer loyalty constructs observed show mean values higher than 5 (Table 4), both for the attitudinal (M=5.18) as well as for the behavioural (M=5.14) component.

[Insert here Table 4]

The reliabilities of the measures are above the recommended value of 0.70 (Nunnally and Bernstein 1994) (α BL: 0.89; α AL: 0.94). Moreover, no items were deleted from the analysis. A factorial analysis with maximum likelihood (ML) was then run to verify the unidimensionality of the constructs measurements. A parallel analysis (Keeling 2000) was also performed, showing two factors as accurate. KMO = .82 verified the sampling adequacy for the analysis. The Bartlett test of sphericity χ^2 (10)= 1934.59, $p<.001$, indicated that correlations between items were sufficiently high and adequate. One component presented eigenvalues over Kaiser's criterion of 1; in combination, the two components extracted explained 82.8% of the total variance. This procedure confirmed the unidimensionality of the two constructs employed (Table 5).

[Insert here Table 5]

A binary logistic regression was then performed (backward LR method), using the buying of at least one of the observed NTPS as the dependent variable (1= buy; 0= no buy) and BL and AL as independent variables (main effect). Akinci et al. (2007) showed the advantages of the use of this analysis technique when investigating the purchase/not purchase decision in the customer based decision process.

The model (Table 6) fits the data well [R^2 = 0.06 (Hosmer and Lemeshow 2000), 0.065 (Cox and Snell 1989), 0.096 (Nagelkerke 1991). Model $\chi^2(2) = 32.43$, p< 0,001].

[Insert here Table 6]

The statistics of the residuals are good. In particular:

- Standardized residuals are mainly comprised in the interval ± 2: no more than 5% of the cases exceed this limit; only 1% is up to the interval ± 2,5;
- All the cases have DFbeta smaller than 1;
- No value above 1 related to the Cook's distance are present.

In conclusion, we can assert that no peculiar cases can influence the model.

The assumption of linearity of the predictors was also tested, running again the logistic regression but including predictors that are the interactions between each predictor and the log of itself (Hosmer and Lemeshow 2000). No interactions were significant (p>0,05) indicating that each component of the customer loyalty construct observed has a linear relationship with the log of the outcome variable.

Then, we proceeded to test the possible presence of multicollinearity. Tolerance values are all well above 0.1 (Menard 1995) and the VIF values are well below 10 (Myers 1990), showing that the predictors employed are not affected by multicollinearity problems. Collinearity diagnostics support this assumption.

Results indicate that only attitudinal loyalty predicted the buying of NTPS. As a consequence, H2 is verified, while H1 is rejected. Moreover, attitudinal loyalty showed a direct relationship with the purchase of NTPS: as attitudinal loyalty increases, the odds of buying NTPS increase (odds ratio>1). In passing, we observe that attitudinal loyalty is the only loyalty predictor of this kind of buying, as it is capable of explaining almost 40% of the purchase decision.

Finally, we performed four further binary logistic regressions (backward LR method), one for each of the four products considered in the analysis (Table 7).

[Insert here Table 7]

The product-specific analyses confirmed the previous result (that is, H1 is rejected and H2 is accepted) for three out of four products (photo printing, mobile communication services, travel booking).When over-the-counter products are considered, behavioural loyalty becomes predictive of purchase and attitudinal loyalty becomes a not statistically significant indicator. Product-specific effects are therefore revealed.

Discussion

Results prove that loyal customers are more prone to buy NTPS offered by the retailer through its own-label. Therefore, this research supports the strategic importance of loyalty for retailers (Flavián, Martínez and Polo 2001) and bolsters support for Jensen's (2011, 333) statement that "*facing today's intensive competition in the grocery industry (slim profit margins, more private-label brands, etc.), developing, maintaining and enhancing consumer loyalty seems more vital than ever for marketing managers operating in the grocery market*".

Specifically, our paper provides a contribution by demonstrating the existence of a causal link between customer loyalty and extra-core offers and by identifying that attitudinal loyalty and behavioural loyalty play different roles according to the nature of the NTPS offered. Generally speaking, findings evidence that retail customers who perceived themselves as strongly involved with their supplier of retail services are more prone to buy NTPS. On the contrary, behavioural loyalty does not explain the NTPS purchase. It is the attitudinal dimension of retail customer loyalty that predicts the buying of NTPS. This is due to the abstraction processes that take place in the consumer mind and that lead to extend the positive associations to PLs experienced in core products towards the extra-core offering. This could be used by retailers to successfully diversify their activity to extra-core businesses: the retailer, exploiting the nature of retail brand loyalty, employs its resources and capacities to diversify its activity and enter new business areas, diminishing the risk of failure. Attitudinal loyalty acts as a predictor of NTPS purchases. Retailers who manage to develop a loyalty relationship with their customers based on their perceived superiority compared to alternatives are therefore more likely to obtain greater success in extending their offer in novel and distant product/service sectors. But this depends on the specific NTPS categories offered. The linkage between attitudinal loyalty and NPTS is shown for services categories, but not for product categories, as the results on over-the counter products revealed. From this point of view, our study extends the Dhar and Hoch (1997) results. These authors proved that PL purchase behavior differs within FMCG categories; our study provides first evidence that the same is true with NTPS. Consequently, the Reinartz, Thomas and Bascoul (2008) findings are supported by our results only with specific references to the buying of over-the-counter products. Customers who patronize the retailer's stores and spend the major part of their share-of-wallet with them show a positive relationship with the purchase of over-the-counter products offered by grocery retailers. The opposite is true when it comes to intangible non-core categories. This could be related to the way in which NTPS are bought. In controlling for different product/service categories, our study provides first evidence that the nature of the non-core offer could affect the source of loyalty: when tangible non-core categories, such as over-the-counter products, are offered, customers tend to buy them with the same purchasing pattern adopted with groceries categories, since this is consistent with their aim to minimize the cognitive and search costs associated with the buying of a wide range of products at the same time and in the same place; while when the retailer offers intangible categories (e.g., mobile communication services, travel booking, photo printing) then the buying pattern becomes more complex and brand extension tends to be triggered by the more abstracted cognitive components of loyalty (e.g., price-value consciousness, reliability) and by a stronger level of involvement with the retailer.

Managerial Implications

Our findings are useful to retail managers and business practitioners, as they would acknowledge that loyal customers are the main ones to focus on, if they intend to be successful in brand extension strategies. Retailers should be aware that their corporate brand is the main asset to invest on to promote and communicate the extended offer, highlighting their superiority with competitors in order to reinforce their loyal customer preferences. Consequently, retailers should first nurture and develop strong relationships with their customers, prior to engaging in relevant offer extensions in distant businesses.

Being able to rely on loyal customers' preferences enables the retailer to diminish the risk of entry in extra-core businesses. In entering new businesses and extending their offer, retailers should at the same time evaluate the possibility of investing in an enhancement of customer loyalty, in particular with regard to its attitudinal dimension.

But these statements can be taken into consideration only after distinguishing between NTPS categories. Offering non-core products is different from offering services as the customer loyalty components involved are opposite. To be successful in offering tangible products, such as over-the-counter products, retailers should address their targeting efforts to customers who score high on behavioural loyalty. In order to do so, they should implement loyalty programs and use CRM systems, which stimulate repeat purchase behavior and enhance the share of wallet, in line with Leenheer et al. (2007). Consequently, the extent to which grocery retailers should pursue an extension of PLs to tangible NTPS categories depends on the customer base characteristics and the factors affecting purchase behaviour, as suggested by Kumar, George and Pancras (2008). When retailers decide to offer non-core services, they must invest in advertising and promotional campaigns aimed at highlighting the retailer's values and superiority compared to alternatives, in order to stimulate cognitive processes based on more abstract associations to the brand and to excite the attitudinal side of their loyal customers.

At the same time these results raise a number of questions: quality control over this extra-core proposal might be a challenge for retailers. If not well managed and delivered, the offer of these NTPS could generate negative consequences on the customer perception of the core-offer, resulting in an adverse outcome for the retail brand and consequently affecting the entire range of groceries sold with the private label as well as the retailer image. Indeed, *"unsuccessful brand extensions can dilute brand names by diminishing the favorable attribute beliefs consumers have learned to associate with the family brand name"* (Loeken and Roedder John 1993: 79). Moreover, it has been ascertained that store brands could also play a role in the process of positioning the retailer's shop formula as a brand (Luijten and Reijnders 2009). So, retailers should be aware of the implications in terms of store and retailer image of extending their store brands offer to NTPS.

In order to avoid these possible negative occurrences, retailers could develop internally or acquire new competences so as to effectively operate in the new sectors or select adequate and reliable partners to entrust with the delivering of the extra-core offer. These competences related to specific consumption models should also be presumably differentiated by extra-core product/service - given the variety of NTPS that could be offered and, consequently, the diversity of the ways to manage the business relationships with the new extra-core suppliers and to compete in an extended arena with novel competitors.

Limitations and Further Research Directions

This study has proved that loyal customers are more prone to cross-buying even when it comes to "unusual" product categories offered by grocery retailers, but the loyalty components predicting the NTPS purchase depends on the NTPS categories observed. We believe that our findings could improve academic and managerial understanding of the importance of investing in loyal customers when extending the offer. Despite this contribution, a number of limitations are present in this study that future research could attempt to overcome.

First, this study provides some preliminary results on the different roles played by customer loyalty components on the NTPS purchase; future research should investigate further.

Secondly, other factors that we do not include in the analysis could intervene in predicting NTPS purchase, such as the level of customer satisfaction with this kind of offer and/or the intrinsic and extrinsic factors related to these product categories and/or socio-economic factors.

Thirdly, the empirical contribution is limited to the Italian context where the use of NTPS is still developing. Extending the analysis, comparing different national contexts where this offer is in an advanced stage such as France and or UK, would be an area of possible future research, as different levels of maturity in the distribution systems and in the offers of NTPS categories could result in different roles exerted by the customer loyalty components.

Moreover, further research could measure the impact of NTPS on customer loyalty. As private labels have been proved to affect store loyalty (Cortjens and Lal 2000; Dekimpe et al. 1997), verifying this relationship, in relation to NTPS, could lead to a better understanding of the potential of overall retail branding strategies, with returns from both a theoretical and a managerial point of view.

Finally, an interesting issue to research in the future could investigate the possible occurrence of unsatisfactory consumption experiences with a non-core product or service experienced by loyal customers, in order to understand the possible implications for the core offer, as well as the perceived congruity (FIT) with the retailer's image.

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Table 1. Customer loyalty's constructs and items used in the questionnaire

Constructs	Items	References
Behavioural Loyalty (BL)	BL1 No. of times shopping at this retailer/No. of shopping trips to supermarkets for your household shops BL2 Given your monthly total household expenditure budget equals to 100%, how much of it do you spend in this retail chain?	De Wulf, Odekerken-Schröder and Iacobucci 2001; Noordhoff, Pauwels and Odekerken-Schröder 2004; Uncles, Dowling and Hammond 2003
Attitudinal Loyalty (AL)	AL1 I prefer this retailer rather than other retailers. AL2 I consider this retailer as the best choice for my household expenditure. AL3 I rank this retailer as No.1 amongst the other retailers I shop with.	Adapted by Jones, Taylor and Bansal 2008

Table 2. The sample

Characteristics	Items	%
Gender	Male (%)	40.4
	Female (%)	59.6
Age	< 25	11.9
	26-35	23.5
	36-50	27.1
	51-65	26.9
	> 65	8.8
Education	Primary	13.3
	Secondary	28.3
	High-school	23.1
	Graduate	24.6
	Post-graduate	2.5

Table 3. Non-traditional products and services bought by the sample

No. NTPS bought	Frequency	%
0	123	25.6
1	180	37.5
2	107	22.3
3	44	9.2
4	26	5.4
Total	480	100.0

Table 4. Customer loyalty's components: mean and standard deviations.

Constructs	N	Mean	Std. Dev.
BL	480	5.14	1.68575
AL	480	5.18	1.16123

Table 5. Pattern matrix[a].

	Component	
	1	2
AL3	.915	
AL2	.892	
AL1	.887	
BL1		1.041
BL2		.674

Extraction Method: Maximum Likelihood.
Rotation: Promax with Kaiser normalisation
a. Rotation converged in 3 iterations.

Table 6. The model

		95% CI per Exp(β)		
	B(ES)	Inferior	Odds ratio	Superior
Costant	-1.19 (0.41)			
BL	.08 (0.08)	.93	1.08	1.26
CL	.38*(0.10)	1.20	1.46	1.78

* p<0,001

Table 7. The model for each kind of NTPS offered

			95% CI per Exp(β)		
		B(ES)	Inferior	Odds ratio	Superior
Over-the counter°	Costant	-1.84 (.41)			
	BL	0.23* (.08)	1.09	1.26	1.46
	CL	0.01 (.09)	.84	1.01	1.21
Photo printing°°	Costant	-2.38(.45)			
	BL	-0.07 (.08)	.79	.94	1.1
	CL	0.01** (.09)	1.14	1.41	1.74
Mobile services°°°	Costant	-2.54(.45)			
	BL	-.02(.08)	.84	.98	1.15
	CL	.34**(.11)	1.14	1.40	1.72
Travel booking°°°°	Costant	-1.80(.41)			
	BL	-.10(.08)	.78	.90	1.05
	CL	.35**(.10)	1.17	1.42	1.72

* $p<0.05$
** $p<0.001$
°Model $\chi^2(2) = 15.894$, $p< 0.001$.
°°Model $\chi^2(2) = 14.266$, $p= 0.001$.
°°°Model $\chi^2(2) = 17.613$, $p< 0.001$
°°°° Model $\chi^2(2) = 15.894$, $p< 0.001$