PROGENITOR OF CONSUMER RETAIL STORE LOYALTY IN ORGANIZED CHAIN SUPERMARKETS

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ABSTRACT

This study explores the relationship among Retail Store Loyalty, Store Attributes and repurchases behaviors. The study uses Store Loyalty, Store Attributes as an independent variable to investigate the relationship between Store Loyalty and repurchase behaviors, taking the consumers of the top three chain store supermarkets in South Chennai as the objects of empirical analysis. The major findings of this study include: consumer's social and economic backgrounds will influence their repurchase intentions on chain store supermarkets; the higher the brand image of a chain store supermarket is, the higher the consumer's repurchase intention will be; the higher the consumer perceived quality and perceived value of chain store supermarket are, the higher the repurchase intention will be. Finally, this study discussion for the purpose of being taken as references by operators in the industry for their future operation directions and strategies.
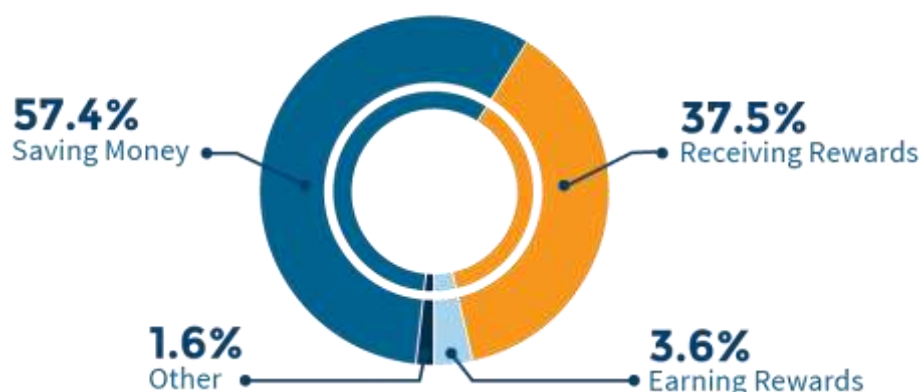
Keywords*: Store Loyalty, Store Attributes, Repurchase Behaviors*

INTRODUCTION

 The establishment of chain store supermarkets allows consumers to acquire more and more organized knowledge of chain store supermarket brands, the emergence of which has began to gradually influence public consumption patterns. By promoting brand image, consumer's brand relationship will be indirectly enhanced, then final branded Store Loyalty will be affected to increase enterprise benefits. Perceived quality may influence the relationship between customer and branded Store as well as customer repurchases behaviors.

The research by **Roberts et al**. (2003) verifies that perceived quality influences post-purchase behaviors indirectly by influencing relationships**. Zeithaml et al.** (1996) think overall perceived quality has a significant relationship with customer behavioral intentions. **Keller (2008)** Customers have become the focal point of almost all the businesses now and thus, deserve all the attention and importance. 'word of mouth' Academics and Retailers alike have recognised the importance of loyal customers, because those customers spend more, buy more frequently, are motivated to search for information, are more resistant to competitors' promotions and are more likely to spread positive about their stores. In order to develop and sustain loyalty among the customers, it is important to find out what drives loyalty in a particular market. The factors which lead to loyalty need to be uncovered and understood before designing and implementing the strategies for customer loyalty.

Why Customers Participate in Loyalty Programs

57.4% Saving Money

37.5% Receiving Rewards

1.6% Other

3.6% Earning Rewards

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II. RESEARCH PROBLEM

How customers develop true store loyalty and how store loyalty can be maintained are still open questions. As the number of loyalty programs tends to increase in the Indian market, the purpose of this study is to identify the variables and towhat extent they influence store loyalty and repurchase behaviors in organized chain of supermarkets'. The objective is to find the attributes contribute towards the Retail Store Loyalty and repurchase behaviors in Organized Chain of supermarkets.

LITERATURE REVIEW

Oliver (2010) thinks customer Loyalty is the concentrated performance of customer expectation on quality, the perception of actual quality, the perceived service quality, the perception of brand image and the perception of cost performance. **Cronin et al. (2000)** consider service contact, service environment and product quality will influence the overall customer perceived service quality; while the level of perceived quality will influence customer satisfaction and customer value; perceived quality, customer satisfaction, customer value will have impact on customer post-purchase behaviors. The study of **Olsen (2002)** verifies that satisfactions is the mediator between perceived qualities and repurchase intention. **Ali, Kapoor, & Moorthy, (2010)** in their study indicated that consumers shopping behaviour was influenced by their income and educational level while gender and age had no significant impact on their behaviour.

Dodge, Robert, Summer, & Harry, (1969) and Aaker, Jones, David, & Morgan, (1971) concluded that consumers" socio economic background, their personality, and past purchase experience were those factors upon which the customers" decision lied.**Chaudhuri and Holbrook (2002)** discover, an active emotional response against a brand has a relatively high positive correlation will brand loyalty and will reduce the customer sensibility on price. Ataman and Ulengin (2003) consider customer-brand relationship to be the key factor that influences customer acceptance and recognition degree of a brand. **Erdem and Swait (2004)** study the impact of brand trustworthiness and brand expertise on customer choice in different product categories, proving brand trustworthiness has greater impact on customers.

Dowling (2002) suggests that loyalty programs do not necessarily generate loyalty and are not cost effective and that the proliferation of loyalty programs is hype or a "me-too" scheme. Services provided by employee's arguablyplay an important role in consumers' evaluations of service performance. The relationships between storeservice and perceived value are stronger for the highly congruent self–store image customers. The compatibility between the store's image and the consumer's image has, initself, been instrumental in providing perceived value (**Debra, 2008**). Today, households can deposit a sum of money on their retailer card for their monthly food expenses andgain comparatively high interest rates, which would limit their choice of foodstores. However, considering that most households regularly use at least two grocerystores, switching barriers perhaps do not play the dominant role in shaping store patronage behaviour.

Operational Definition and Evaluation Questions of Research Variables:

The questionnaire design for this study is a concealed, structural questionnaire that requires basic personal data, while other parts are completed according to Likert's 5-degree scale. The questionnaire contents include six parts: "brand awareness", "brand image", "perceived quality", "and branded Store Loyalty", "repurchase intention" and "customers demographic".

Brand awareness: It defines brand awareness as the evidence that will be considered by consumers in priority among known product categories. Measurement questions take the brand awareness scale developed by **Keller (1993)** to judge consumers' degree of awareness of the brand.

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Brand image: The literature of **Biel (1992), Low and Lamb (2000), Kim and Kim (2004)** as references and makes revisions for the measurement perspective of this study to judge the consumer recognition degree of branded store image and store Loyalty.

Perceived quality: It defines the "perceived quality" as consumers' overall perception level of a certain chain store supermarket. The perceived quality item takes literature of **Kim and Kim** (2004), as well as **Yoo et al.** (2000), as references to revise the measurement dimensions of this study to judge the extent of customer perception on chain store supermarket attributes.

Brand Loyalty: This study mainly takes opinions by **Jacoby and Chestnut (1978)** identifies five types of measures based on behavioural data. These are 1) proportion-of-purchase measures, 2) sequence-of-purchase measures, 3) probability-of-purchase measures 4) synthesis measures and 5) miscellaneous measures.

Repurchase intention: "Repurchase intention" means a customer adopts store are more successful in developing loyalty and creating loyal customers. These supermarkets are considered loyalty leaders. Their ability to develop and sustain loyal customers is based on providing superior value, right customers and right employees as well as enduring commitment to develop loyalty (**Reichheld, 2001**). Customer loyalty can be explored through repurchase intentions (**Dick, Basu, 1994; Jones, Taylor, 2007; Bloemer, Odekerken-Schröder, 2007).** Exploring behavioural consequences of customer loyalty can be seen as having the intention to buy or use an organization's product/service more often in the future (**Zhang, Bloemer, 2008; Garbarino, Johnson,** 1999). Hence, when aiming to boost repurchase intentions, store should focus not only on mere repeated buying through different promotional activities, but try to provoke in customers a commitment and preferable attitude towards their Organized Supermarket. By creating pleasant ambient conditions, a store environment stimulates spending and the number of bought products (**Turley, Milliman,** 2000). It also stimulates consumers to remain longer in specific store, as well as to explore the products exhibited in the store (**Donovan, Rossiter**, 1982). All this contributes to enhancing repurchase intentions. The store atmosphere influences the time spent there and liking the store (**Spies et al**., 1997), as well as consumers' mood. Different emotional states like enjoyment (**Hogg, Penz**, 2008) influence the willingness to return to a store. Also, pleasure and arousal have a positive influence on money spent in a store (**Sherman et al.,** 1997). Therefore, emotional states stimulate purchasing as well as repurchasing intentions.This study take literature of **Zeithaml et al.** (1996) as a reference and make some revisions for the measurement dimensions of this study, including "willingness to make the choice of purchase", "worthiness to purchase", "recommendation for other relatives and friends to purchase" to test the subjects' repurchase intentions on chain store supermarkets.

Consumer's demographic background: According to relevant studies, fundamental personal attributes of chain store supermarket customers are concluded to consist of gender, age, profession, educational level, monthly income and family size etc. (**Richardson et** al. 1996).

Sampling Method and Questionnaire Design
This study takes consumers who have ever purchased in three big chain store supermarkets in South Chennai (More, Spencer's Supermarket and Nilgiris) as the subjects for questionnaire surveys. The sampling method of this study applies the nonrandom sampling – "convenience sampling" to collect the data required by the questionnaire. The execution of sampling was done by evenly distributing 200 questionnaires at the three supermarkets from January to March 2015. Surveyors interviewed the subjects face to face at the entrances or eating area of supermarkets; subjects answered questions on site. Questionnaires were reviewed for any missing infomation to ensure valid responses. A total of 600 questionnaires were distributed, after taking out invalid ones, 468 valid responses were obtained, with a valid response rate of 78%.

2.3. HYPOTHESES DEVELOPMENT

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H1: There are differences in the Consumers social and economic backgrounds of a grocery retail store depending on the store attributes that enhance repurchase intentions.

H2: Influence of the store attributes that prevail in a grocery retail store that enhance repurchase intentions depends on the gender.

RESEARCH RESULTS

Sampling Structure Analysis
According to the results of questionnaire responses, regarding gender, the proportion of female (54.2%) is a little higher than that of male (45.8%) responses. Age distribution falls mainly between the 31-40 (38.5%), 21-30 (24.6%), 41-50 (16.4%) age ranges. The results reveal the consumption objects of chain store supermarkets cover many age groups, among which, the rate of consumers between 21 and 40 has the highest ratio. In educational levels, those with university (50.2%), indicating the educational level is generally high. In profession, people in service industries and students account for 36.8% and 22.8% respectively, meaning people in service industries and students have higher consumption intention in chain store supermarkets than other professions. In monthly income, many subjects have a monthly income of 20,000-35,000 (40.6%), than are those with less than 20,000 (22.4%). In times of purchasing in chain store supermarkets within the past month, the most frequent is 4-7 times (62.4%), then less than 3 times (28.8%). Purchasing times of more than 3 is in the minority (8.8%), indicating supermarket shopping has become a necessary daily activity for most people.

Correlation Analysis
Analysis results are indicated in Table 2. The constructs of retail store brand are all significantly correlated when the emotional relationship between customer perceptions and retail store brand Loyalty is under the significance level of 0.05 and the correlations are relatively high. Among them, the correlation between functional quality, brand reputation, product & service image and brand relationship is higher, this indicates the chain store supermarkets with a good reputation and high quality service are more able to establish stable emotional relationships with customers. In addition, retail store brand loyalty and customer repurchase behaviour's show significant correlation under the significance level of 0.05. This means once customers establish a good relationship with the brand of a chain store supermarket, they will most probably choose the brand again the next time they shop. Finally, all factors of brand equity are in significant correlation with customer repurchase behaviour's under the significance level of 0.05. According to Pearson's correlation coefficient, the extent of correlation between all factors and repurchase behaviours can be ordered from big to small as: functional quality, brand reputation, product and service image, user image, brand awareness, corporate image and technical quality. Table 2 also shows the significant correlation among all research variables. The only issue requiring attention is the high correlation between some variables, which may dictate collinearity problems. For example, the correlation between functional quality and Retail Store Loyalty is as high as 0.864. Therefore, collinearity diagnosis will be performed prior to regression analysis to confirm whether there are collinearity problems between all independent variables in order to avoid the impact of such problems on research results.

Table2: Correlation Coefficients among Variables

	1	2	3	4	5	6	7	8	9
Brand awareness	—								
Brand reputation	0.702	—							
Product/service Image	0.521	0.58	—						
User image	0.695	0.7	0.53	—					

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Corporate image	0.617	0.7	0.62	0.51	—				
Technical quality	0.764	0.73	0.58	0.74	0.44	—			
Functional quality	0.404	0.25	0.31	0.51	0.43	0.8	—		
Retail Store Loyalty	0.475	0.73	0.72	0.52	0.34	0.18	0.82	—	
Repurchase behaviour	0.313	0.74	0.71	0.31	0.25	0.1	0.78	0.78	—

DISCUSSIONS:

The research indicates the following conclusions.
(1) The results of this study show gender influences customer repurchase behaviour on chain store supermarkets: repurchase intentions of female consumers on chain store supermarkets are higher than that of male consumers. Age will also influence customer repurchase behavioural intentions on chain store supermarkets: elderly consumers (older than 51) and young consumers (younger than 20) have higher repurchase intentions on chain store supermarkets than customers of other age groups. Monthly income has significant impact on chain store supermarket repurchase behaviors. Consumers with low incomes have high repurchase behavioural intentions on chain store supermarkets. Educational level also has impact on chain store supermarket repurchase behaviors: the higher a person's educational level is, the lower his repurchase behavioral intention on chain store supermarket. Customers who have higher repurchase behavioral intentions on chain store supermarket are female, young consumers with lower monthly income, lower educational level and larger family size.

(2) Brand awareness, brand reputation, product and service image, user image, corporate image and functional quality will all affect customer repurchase behaviour indirectly by influencing brand relationship. In terms of the comprehensive influencing effect of customer repurchase behavior, factors with larger effects are product and service image, functionally quality and Retail Store Loyalty respectively. Technical quality has no significant influencing effect on customer repurchase behavior.

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