

A Study on Consumer Store Loyalty towards Organized Retail Stores in Coimbatore*

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Abstract: Store loyalty is considered as vital in success of retail business. The concept of store loyalty has been extensively investigated by many researchers during past few decades. This study considers various factors such as convenience, store atmospherics, promotion, perceived price, store personnel, service quality, merchandise, store image, and store satisfaction as the determinants to measure store loyalty.

Keywords: Store loyalty, Organized retail, Retail Loyalty

I. INTRODUCTION

The concept of store loyalty is derived from brand loyalty concept which refers to the tendency to repeat purchase the same brand. At the store level, it refers to the tendency to repeat purchase at the same store for similar or other products (Osman, 1993). According to Jenkins (2010) and Gentry and Kalliny (2012), increasing store's loyal customer base can provide opportunities for enhanced profitability and business sustainability. Only less marketing effort and resources is required to keep a loyal customer than to acquire a new customer (Sreedhara, Babu & Nagendra, 2010), because the loyal customer is less price sensitive (Tsai, & Chang, 2010), and more willing to recommend company to other people, thus bringing into business new customers (Reichheld, 2003; Bove & Johnson, 2009; and Tsai, & Chang, 2010).

Increased store loyalty can have a positive impact upon a store in many different ways, it mainly increases in positive word-of-mouth and increased customer retention which results in reductions in marketing costs, additionally, this relationship allows for an increase in cross-selling and the sales of additional products (Davids, 2007; Lavayssi re and Mullen, 2007). Pan and Zinkhan (2006) explored determinant of retail patronage, concluding convenience, pricing, quality, employees and image all influenced the likelihood of a consumer to be loyal towards a retail outlet. However, this research study considers Convenience, Store atmospherics, Promotion, Perceived price, Store personnel, Service Quality, Merchandise, Store image, and Store satisfaction as the determinants to measure store loyalty

II. REVIEW OF LITERATURE

Wicker, (2015) examined how value (price, quality, service, convenience, and assortment) contribute to customer store loyalty among 354 supermarket customers in Atlanta GA. The study concluded that collectively when quality, service, assortment, loyalty programs, and high quality perishables are increased customers store loyalty also tends to increase.

Adil Zia, (2014) analysed the impact of various factors of shopping experience on consumer loyalty among 706 consumers in Delhi using SEM (Structural Equation Modeling). The results of the study indicated that all the three factors of shopping experience, considered in the study, have positive impact on consumer loyalty. The ERE (Executional Related Excellence), which means explanation, advice, stock and product knowledge, has the least impact on consumer loyalty. The E (Expediting), which connotes being sensitive to customers' time and long check-out lines, and being pro-active in helping speed up the shopping process, has the highest impact on consumer loyalty. While the PR (Problem Recovery), which means helping resolve problems, upgrading quality, and ensuring shopper satisfaction, has the least impact on consumer loyalty.

Jansone, (2012) investigated the determinants of store loyalty among 152 respondents in the Latvian market. The results of the study concluded that controllable factors like store atmosphere and merchandise value equity are the significant contributors of store affect, which can be used by retailers to implement store loyalty programs. The findings of the study suggested that in order to achieve store loyalty, retailer must focus on loyalty enhancing strategies like increasing merchandise value perceptions and improve overall store atmosphere.

Clottery et al., (2008) examined the drivers of customer loyalty in a retail store environment among 972 retail consumer from USA. The results from regression analysis suggested that service quality, product quality and brand image have significant influence on customer loyalty. The study also suggested that service

management managers can improve these drivers of customer loyalty by better training of store employees and reward programs, day-to-day store operations, and product quality, process quality and store design

Objectives of the study

- To identify various factors affecting store loyalty towards organised retail store.
- To analyse the impact of the predictor variables on store loyalty.

III. RESEARCH DESIGN

The study is descriptive in nature.

Population – Population includes people above 18 years of Coimbatore.

Sampling technique – Simple Random Sampling technique is used to select the sample. Primary data collection was done through survey method using a well-structured questionnaire. The Sample Size of 150 respondents from the urban and rural areas in Coimbatore was chosen through simple random sampling method.

Tools used for analysis: Percentage analysis is used to explore the distribution in the demographic factors of the respondents, Regression analysis is used to analyze the impact of the predictor on Store loyalty factors.

IV. ANALYSIS AND INTERPRETATION

Demographic profile of the respondents

Among 150 respondents 54.6% are female, 32.8% are in the age group of 18-25 years, 60% are married, 56.3% are undergraduates, 46.4% are employed, 33.5% have a monthly income above Rs.50001, 66.3% are from nuclear family, 66.7% have 3-5 members in their family and 49.1% are from urban area.

Regression

The Coefficient of Multiple Determination which is represented by R^2 measures how much percent of independent variable can explain dependent variable.

Table 1: Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .724 ^a | .524 | .506 | .46749 |

^aPredictors: (Constant), Convenience, Store atmospherics, Promotion, Perceived price, Store personnel, Service Quality, Merchandise, Store image, Store satisfaction.

Based on the above table, it is found that R^2 score is 0.524 suggesting that all the predictor variables accounted for 52% of the variance in store loyalty. It indicates that the determined independent variables such as Convenience, Store atmospherics, Promotion, Perceived price, Store personnel, Service Quality, Merchandise, Store image, Store satisfaction have an impact on Store Loyalty.

F-test

F-test statistics is used to check whether all independent variables included in this model have a significant effect on the dependent variable.

Table 2: ANOVA

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1 | Regression | 93.170 | 15 | 6.211 | 28.421 | .000 ^b |
| | Residual | 84.577 | 387 | .219 | | |
| | Total | 177.748 | 402 | | | |

^aDependent Variable: Store Loyalty

^bPredictors: (Constant), Convenience, Store atmospherics, Promotion, Peer group, Perceived price, Store personnel, Service Quality, Merchandise selection, Merchandise Quality, Store image, Discounts/Offer/Loyalty cards, Store satisfaction.

T-test

T-test analysis is used to examine the significant impact of each independent variable on the dependent variable.

Table 3: Coefficients of all factors

| | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|--------------------|-----------------------------|------------|---------------------------|--------|------|
| | B | Std. Error | Beta | | |
| (Constant) | .458 | .242 | | 1.889 | .060 |
| Convenience | .100 | .041 | .099 | -1.072 | .284 |
| Store Atmospherics | .045 | .042 | .446 | 2.476 | .014 |
| Promotion by store | -.014 | .034 | .097 | -.418 | .676 |
| Perceived price | .021 | .043 | .224 | .505 | .024 |
| Store personnel | .178 | .041 | .293 | 4.299 | .000 |
| Service quality | .002 | .058 | .376 | 4.138 | .010 |

| | | | | | |
|--------------------------------------|------|------|------|-------|------|
| Merchandise | .230 | .048 | .289 | 4.755 | .000 |
| Store image | .183 | .044 | .200 | 4.207 | .000 |
| Store satisfaction | .376 | .052 | .247 | 7.180 | .000 |
| a. Dependent Variable: Store Loyalty | | | | | |

- **Convenience** – The B value is 0.099 and the significant value is 0.284 which is greater than the acceptable value, hence it is inferred that convenience does not have a significant impact on store loyalty.
- **Store Atmospherics** – The B value is 0.446 and the significant value is 0.014 which is less than the acceptable value, hence it is inferred that store atmospherics have a significant impact on store loyalty.
- **Promotion by the store** – The B value is 0.097 and the significant value is 0.676 which is greater than the acceptable value, hence it is inferred that promotion by the store does not have a significant impact on store loyalty.
- **Perceived price** – The B value is 0.224 and the significant value is 0.024 which is less than the acceptable value, hence it is inferred that perceived price have a significant impact on store loyalty.
- **Store personnel** – The B value is 0.293 and the significant value is 0.000 which is less than the acceptable value, hence it is inferred that peer group has a significant impact on store loyalty.
- **Service quality** – The B value is 0.376 and the significant value is 0.010 which is less than the acceptable value, hence it is inferred that service quality have a significant impact on store loyalty.
- **Merchandise** – The B value is 0.289 and the significant value is 0.000 which is less than the acceptable value, hence it is inferred that merchandise selection does has a significant impact on store loyalty.
- **Store Image** – The B value is 0.200 and the significant value is 0.000 which is less than the acceptable value, hence it is inferred that store image has a significant impact on store loyalty.
- **Store satisfaction** – The B value is 0.247 and the significant value is 0.000 which is less than the acceptable value, hence it is inferred that store satisfaction has a significant impact on store loyalty.

Inference

From the analysis it can be inferred that store atmospherics, perceived price, store personnel, service quality, merchandise, store image and store satisfaction explained 50% (adjusted R Square) of the variance in customers store loyalty towards organised retail stores. Atmospherics of the store had the major influence on store loyalty with a beta coefficient of 0.446 and was significant. And service quality of the store had the second major influence with a significant beta coefficient of 0.376.

V. DISCUSSION AND CONCLUSION

The results of the study show that retailers should have to develop new approaches to gain loyalty of the customers towards the store. This is essentially important because, with retailing becoming more and more competitive and also due to the low switching costs, consumers these days having a wide choice of retail organizations to choose. Firstly, in order to increase their chances of success, it would be appropriate for retailers to target their efforts in increasing customer's satisfaction towards the atmospherics inside the store as it is have a significant effect on store loyalty. Also, the retailer could also decide to invest in improving other determinants of store loyalty such service quality and merchandise quality, since loyal customers loyal because of either product or service provided by the store and not brand image awareness.

Organized retailing in India at present is experiencing a vast growth. An in-depth understanding of factors influencing a consumer to be loyal to a store is required among retail managers and academicians for a better growth of organized retail sector in India to serve different consumer segments and needs, and also to contribute in ways that will improve the economic development of the country.

VI. REFERENCES

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