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*Shoppers' satisfaction levels are not the only key to store loyalty*

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## Shoppers' satisfaction levels are not the only key to store loyalty

### Keywords

store satisfaction, store loyalty, strategy

### Abstract

In this research study, grocery shoppers were interviewed to identify the factors that influence satisfaction with their primary store and the factors that encourage them to continue patronising this store despite being presented with an inducement to shop at another store. The study estimated two models; one predicting store satisfaction and the other predicting store loyalty. The results demonstrate that the significant factors that contribute to store satisfaction have little in common with the factors that impel shoppers to stay store loyal. Moreover, there was no evidence from this study that shoppers' overall store satisfaction was by itself a significant influence on their continued patronage of the store. Retail firms often do not recognise that the elements that contribute to customer satisfaction are different from those factors that help sustain store loyalty and consequently do not separate their resources between the two sets. Unless retail firms remain vigilant to changing consumer behaviour patterns, they will not be able to tell apart the elements of the retail mix that could typically insulate their primary customers from responding to special competitive offers.

### Introduction

Rhee and Bell (2002) believe that while shoppers often patronize many

stores, they typically have a primary affiliation to a "main store" that captures the majority of their purchases. Being the most preferred store is especially important for grocery retailers because as per Knox and Denison (2000), loyal shoppers spend double the amount in their "first choice" store.

Also as pointed out by Roselius (1971), most consumers consider their primary store as a "safe bet" in their attempt to reduce their perceived risk of disappointment when shopping. However, according to Taher *et al.* (1996), being comfortable with a store or *store satisfaction* is not enough to ensure repeat patronage. They contend that retailing is being threatened by a host of informative and value/cost alternatives for consumer patronage. Taher *et al.* (1996) point out that there are a growing number of customers who are greater risk takers. These consumers, they believe, are being empowered by more information and based on promises of receiving better value else where are often willing to switch from their current primary stores.

Taher *et al.* (1996) and Sirohi *et al.* (1998) emphasise that it is therefore important for retailers to systematically seek information of the retail patronage experience and then plan to build store loyalty based on augmented services, including their financial implications. Reichheld and Sasser (1990) assure us that increased rates of retention lead to increased profitability. According to Rhee and Bell (2002), the strength of allegiance or *loyalty* of customers to a store is an important indicator of store health. In

fact Knox and Denison (2000) in their study on retailing in the UK even highlighted the importance of developing a corporate retail strategy to manage customer loyalty and prevent shopper switching stores.

### **Background**

Research conducted by Woodside and Trappey (1992) indicates that there is automatic cognitive processing of store attributes by consumers that determine which store will be their primary buying centre. Woodside and Trappey's research suggests that customers could quickly name a store when asked what store comes to mind for specific attributes such as "lowest overall prices", "most convenient," and so forth. These top-of-mind responses are associated strongly with customers' affiliation with the main store in which they make most of their purchases. Based on the results Woodside and Trappey (1992) concluded that the process of being *satisfied* with a specific store is a function of the store's characteristics and the consumer's shopping patterns.

Marketing literature has identified several causal factors that influence store satisfaction while shopping, among them being:

- Store attributes, for instance, location of store (Woodside and Trappey, 1992); nature and quality of assortment stocked (Claxton and Brent-Ritchie, 1979; Sirohi *et al.*, 1998); store's pricing strategy (Williams *et al.*, 1978); character of in-store promotions (Urbany *et al.*, 2000; Kumar and Leone,

1988); assistance of sales personnel (Macintosh and Lockshin, 1997; Mägi, 2003); store's physical attributes (Chain Store Age Executive, 1987); atmospherics of store (Kotler, 1974; Crawley, 1993; Yalch and Spangenberg, 199; Babin and Darden, 1996); issue of loyalty cards (Mägi, 2003).

- Shopping patterns of the shopper such as, time spent in the store (Flavián *et al.*, 2001); volume of purchase (Mägi 2003); recommendations of store to relatives and friends (Sirohi *et al.*, 1998).

One would expect that store satisfaction is a necessary condition for achieving store loyalty. However Mitchell *et al.* (1998) in their review of a number of store image studies concluded that these studies had not identified a link between the store attributes and store loyalty. One such study by Garton (1995) for instance, discovered that perceptions of quality and service provided by the store contributed relatively little to the customer's intention to return to the store. Bloemer *et al.* (1998) were also not able to find a direct effect of store attributes on store loyalty.

The study of Garton (1995) suggested that achievement of store loyalty required that the consumer's self image and the consumer's image of the store be as similar as possible. According to Sirgy (1985), consumers have both personal and social motives for shopping. In a study examining the congruency theory between self image and store image, Sirgy posited that individuals adopt goods and services including shopping behaviour patterns,

to construct and maintain their social realities. In a more recent study, Sivadas and Baker-Prewitt (2000) found that the consumer attitudes which drive this congruence between self image and store image are linked to store satisfaction, but have no *direct* effect on store loyalty. Bloemer *et al.* (1998) go on to state that the relationship between perceptions of the store and store loyalty is only mediated by store satisfaction.

In the absence of a demonstrated connection between the causal factors (that affect store satisfaction) and store loyalty, Mitchell *et al.* (1998) believe that the knowledge of store loyalty remains largely speculative. What begs the question and unanswered by literature, is whether the *same* retail elements that contribute to generating store satisfaction in their primary store, are *also* able to sustain the shoppers' continued patronage in that store in the face of an ongoing inducement from a competitor.

### **Research Problem**

Retailers traditionally are not able to discriminate among the determinants of customer satisfaction, those that generate or maintain satisfaction and those factors that build resistance to competitors' overtures.

While marketing literature discusses various store attributes and shopping patterns that contribute to store satisfaction, it does not specifically examine whether these factors are necessary and sufficient to sustain continued patronage of the retail store in a competitive repeat-purchase market.

Previous studies of store loyalty have not employed the "arousal

trigger" stimulus (a direct positive or negative response to the question), which as postulated by MacKenzie and Lutz (1989), would reflect the shopper's attitude (a positive or negative predisposition) to the proposition of switching to a value added offer. Woodside and Trappey (1992) believe that this *attitude* is the outcome of an automatic cognitive processing of consumers' personal and social motives that are a precursor to behaviour (stay loyal or switch). They contend that this attitude in turn determines which store will be the consumers' primary buying centre.

In this study, grocery shoppers were posed with a situation whether they would stay loyal to their current grocery store if they were offered fuel that was discounted by 4 cents per litre at another comparable grocery store. This question was posed at the beginning of the survey immediately after establishing whether the respondents were regular customers of the store. Through this question the respondents were alerted to a special purchase opportunity at another store.

In order to improve the quality of store loyalty prediction, considering that the relationships between stated intentions and behaviour is not always strong, respondent grocery shoppers were deliberately put in this state of heightened consciousness of receiving added value if they shopped in an alternative store.

This alternative context has taken on particular importance in Australia where the big grocery chains have begun to sell discounted fuel, which used to be the preserve of only the oil companies and their franchisees. Woolworths/Safeway, which is one of the two biggest grocers in the Australian market, has been regularly

offering fuel at prices discounted by about 5% from early 2001 through 290 sites adjacent to its supermarkets. In the recent past, Coles, another big grocer in Australia, has tied up with Shell and has also begun to regularly offer discounted fuel at Shell's 584 petrol stations. While no official figures are available yet, it remains to be seen whether customers who regularly shop at other grocery stores would switch their patronage to Woolworths/Safeway or Coles in order to avail of the special purchase opportunity of buying discounted fuel.

This research study seeks to examine

1. The determinants that influence shoppers' *satisfaction* with their primary store.
2. The determinants that influence store *loyalty* when the store customers are presented with an inducement of discounted petrol in another grocery store.

## Research Method

The research methodology included the random administration of a structured questionnaire over a two-week period (prior to Coles entering the fuel retailing market), to adult grocery shoppers across Melbourne, Australia, who exited retail stores (not including Woolworth/Safeway and Coles stores) of varying sizes. All these stores sold commonly purchased items. Some of the stores in the sample were part of a chain while others were independent retailers. The sample was made up of 376 male respondents and 558 female respondents from a range of occupations and age groups from 18

years to 75 years (mean age 45 years). Only those respondents who claimed to regularly shop for their groceries from the store they exited, were queried further.

The survey tested each respondent on 31 variables (Table 1) that included 2 variables in relation to satisfaction level with current store and remaining loyal to the main store (dependent variables), 12 variables in relation to shopping patterns and 17 variables with regard to store attributes. These variables have been identified in the literature review as being contextual to shopper's store satisfaction.

Although there is no demonstrable link in the literature between store loyalty and store attributes/attitudes that promote shopping behaviour, retail literature emphasizes that store satisfaction mediates between store loyalty and store perceptions. Therefore, in this study the *same* causal variables considered in marketing literature to influence store satisfaction were also tested for their influence on store loyalty.

Literature is silent on the use of an appropriate scale to specifically measure the level of store satisfaction and store loyalty. In a study on measuring and managing (brand) loyalty, Knox and Walker (2001) concede that progress in providing a practical measure of satisfaction and loyalty constructs have been very limited. In the absence of a prescribed measuring instrument, the Likert five-point itemized rating scale was employed to measure the respondents' level of satisfaction with each of the store attributes. Respondents were also asked through the use of multichotomous questions, to choose the alternative that most closely corresponds to their shopping patterns.

Their overall store satisfaction was again measured on a five-point Likert rating scale, 1 being the least satisfied and 5 being the most satisfied.

The intention of shoppers to stay loyal was recorded by seeking

response to a dichotomous question whether they would, or would not remain loyal to their current stores if they were regularly offered fuel discounted by 4 cents per litre from another grocery store.

**Table I**

Variables tested in the survey

Shoppers' responses related to control items	Respondents' shopping patterns	Store attributes
1. Store Satisfaction	1. Period of patronage	1. Proximity from home/work
2. Store loyalty	2. Frequency of store visit	2. Product range
	3. Size of grocery bill	3. Pricing
	4. Time spent in store	4. In-store promotions
	5. Travel for purchasing opportunity	5. Express lanes
	6. Recommend store	6. Number of service counters
	7. Purchase of produce from store	7. Aisle width
	8. Purchase of meat from store's delicatessen	8. Shelf signage
	9. Purchase of bread from store's bakery	9. Store ambience/layout
	10. Purchase of alcohol from store's liquor section	10. Stock freshness
	11. Purchase of store labels	11. Sales assistance
	12. Preference for unit shelf price	12. Frequent buyer program
		13. Toilet accessibility
		14. Parking
		15. Music
		16. Home delivery
		17. Web sales

This study estimated two models, one that qualifies the character of store satisfaction (Model 1) and the other that defines store loyalty (Model 2). These models were assumed to broadly reflect how the shoppers' store satisfaction level and store loyalty could be influenced by the causal factors when a special purchase opportunity was presented in comparable stores. The effect of a number of specific causal variables on the dependent variables (store satisfaction, S, and store loyalty, L)

was tested in terms of two grouped variables representing store attributes ( $X_{SA}$ ) and shopping patterns ( $X_{SP}$ ).

Representing Model 1 (store satisfaction) in equation form we have:

$$S = \alpha_0 + \alpha_1 X_{SA} + \alpha_2 X_{SP} + \varepsilon_i \quad (1)$$

where,

S - Satisfaction level of the Shopper with current primary store

$X_{SA}$  - Store attributes

- $X_{SP}$  - Shopping patterns of the shoppers
- $\alpha$  - Parameter to be estimated
- $\varepsilon_i$  - Error term.

Similarly, the model representing the effect of the causal variables on store loyalty (Model 2) expressed in equation form is as follows:

$$L = \beta_0 + \beta_1 X'_{SA} + \beta_2 X'_{SP} + \varepsilon_i \quad (2)$$

where,

- $L$  - Store loyalty to current primary store
- $X'_{SA}$  - Store attributes
- $X'_{SP}$  - Shopping patterns of the shoppers
- $\beta$  - Parameter to be estimated
- $\varepsilon_i$  - Error term.

The two null hypotheses were stated as follows:

$H_0^1$ : *there is no correlation between level of store satisfaction (S) and the sets of variables  $X_{SA}$  and  $X_{SP}$ .*

$H_0^2$ : *there is no correlation between store loyalty (L) and the sets of variables  $X'_{SA}$  and  $X'_{SP}$ .*

The alternative hypotheses are as follows:

$H_a^1$ : *there is correlation between level of store satisfaction (S) and the sets of variables  $X_{SA}$  and  $X_{SP}$ .*

$H_a^2$ : *there is correlation between store loyalty (L) and the sets of variables  $X'_{SA}$  and  $X'_{SP}$ .*

### Estimation results - Model 1 (store satisfaction)

The multiple regression methods of *forward selection*, *backward elimination* and *stepwise selection* were applied to the cross sectional data to identify the significant variables that influence store satisfaction.

All three model specification procedures selected the same eight independent variables (at the 5 percent level) from the list of 29 independent variables (see Table I).

The descriptive statistics of store satisfaction level (dependent variable) which includes the least squares results with the White heteroskedasticity consistent standard errors and t-statistics are presented in Table II. The multiple regression techniques used to select the determinants of store satisfaction are known to keep multicollinearity to the minimum and hence multicollinearity is not expected to affect the quality of the estimated equation in Model 1.

Thus, the resulting estimated equation (Model1) can be expressed as:

$$S = 1.138 - 0.165 PR + 0.179 ISP + 0.157 PRICE + 0.157 SAM + 0.082 PHW + 0.082 AW + 0.067 TSS + 0.066 SA$$

where,

- $S$  - Store satisfaction level
- $PR$  - Product range
- $ISP$  - In-store promotions
- $PRICE$  - Pricing
- $SAM$  - Store ambience/layout
- $PHW$  - Proximity from home/work
- $AW$  - Aisle width
- $TSS$  - Time spent in store
- $SA$  - Sales assistance.

**Table II**

Regression results of Model 1-store satisfaction

Dependent variable: <b>STORE SATISFACTION</b>				
Method: Least Squares				
Included observations: 934				
White heteroskedasticity-consistent standard errors and covariance				
Variable	Coefficient	Std. Error	<i>t</i> -Statistic	Probability
Constant	1.138114	0.172217	6.608620	0.0000
1. Product range	-0.165567	0.056318	-2.939847	0.0034
2. In-store promotions	0.179142	0.027057	6.620826	0.0000
3. Pricing	0.157858	0.027675	5.704082	0.0000
4. Store ambience/layout	0.157508	0.031216	5.045804	0.0000
5. Proximity from home/work	0.082531	0.025859	3.191546	0.0015
6. Aisle width	0.082420	0.028634	2.878385	0.0041
7. Time spent in store	0.067204	0.024794	2.710486	0.0068
8. Sales assistance	0.065873	0.021948	3.001381	0.0028
R-squared	0.418488	Mean dependent variable		3.693790
Adjusted R-squared	0.412594	S.D. dependent variable		0.768082
S.E. of regression	0.636817	Akaike info criterion		1.944920
Sum squared residuals	375.1207	Schwarz criterion		1.991554
Log likelihood	-899.2779	F-statistic		54.03444
Durbin-Watson statistics	1.807117	Prob (F-statistic)		0.000000
Ramsey RESET Test:				
F-statistic	0.237625	Probability	0.870146	

The Ramsey Reset test for specification error applied to Model 1 confirms that there is no specification error (p-value =0.8701). The White heteroskedasticity test detected the presence of heteroskedasticity in Model 1 (test statistics is 146.79 with a probability of zero). The model was therefore re-estimated using the White heteroskedasticity – consistent standard errors and covariance test. The results are presented in Table II.

The adjusted  $\bar{R}^2$  for Model 1 is 0.419 which is considered reasonable for cross sectional data (Studenmund, 2001). The null hypothesis  $H_0^1$  that *there is no correlation between the level of store satisfaction (S) and the sets of variables  $X_{SA}$  and  $X_{SP}$*  can be rejected at the 5 percent level of

significance. Thus, it can be concluded that the eight independent variables ( $X_{SP}$ , shopping patterns and  $X_{SA}$ , store attributes) provide a satisfactory explanation for the variation in store satisfaction level. In order to test the significance of the individual variables, the two-sided *t*-test was applied.

### Discussion of results (Model 1)

The results from the estimation of Model 1 reveal that all but one of the eight explanatory variables in Model 1, have a positive effect on the shoppers' satisfaction with their primary store. The coefficients for all eight variables are significant at least



at 5 percent level. *Product range* (parameter estimate is -0.165) is the only explanatory variable that while being significant, it has an inverse relationship with store satisfaction. This result does not support the indication in the studies of Claxton and Brent-Ritchie, 1979 and Sirohi *et al.*, 1998, where the *range of assortments* available in the store was identified as being critical to making the consumer's shopping experience a happy one. Conversely, it may be, as pointed out by Stiglitz (1979), with too wide a variety of products to choose from, shoppers' purchase decision-making is made difficult.

*In-store promotions* seem to have the greatest effect on store satisfaction as evidenced by the highest magnitude of its coefficient, namely, 0.179, vindicating the findings of Urbany *et al.*, (2000) and Kumar and Leone (1988) that retail promotions increase shopper confidence in the store. Their studies indicate that retail stores regularly have price specials for limited periods of time on selected items and shoppers are plainly gratified for being presented an opportunity to get additional value for their purchases or to buy an item that they would not ordinarily afford.

Using price as a base for promoting a product is a strategy that is often used by retailers and marketers to facilitate purchase. Literature makes it clear that the shoppers' perceptions of price are central to influencing their purchase behaviour. The price paid for the merchandise is traditionally considered to be the bellwether of shoppers being pleased with their shopping outcomes. The results of the estimation of Model 1 suggest that *pricing* (the coefficient equal to 0.157) of products in the store is a significant

variable in influencing store satisfaction. According to Curry and Riese (1988), customers when gauging value for the total bundle of benefits that the store delivers, will balance the benefits derived from the store with its direct and implied costs to them. Therefore, the shoppers' views on their shopping experience are inextricably linked with their perception of the level of product prices in the store.

In this study *Store ambience/layout*, the other variable featuring in Model 1 (the coefficient equals to 0.157) has a significant influence on store satisfaction. As suggested in a number of studies, including Kotler, 1974; Crawley, 1993; Yalch and Spangenberg, 1990; Babin and Darden, 1996, store atmospherics is known to lift the mood of the shoppers and could impel them to buy more, to be more adventurous and to try other brands /products. These studies have severally identified various factors that can contribute to store ambience, namely the configuration of the store, lighting and store colour scheme.

When enunciating the cognitive processing model for store choice, Woodside and Trappey (1992) identified location of a store as critical for attracting store traffic, because shoppers would prefer a retail store that is easy to get to rather than one that is hard to access. This study identified *Proximity to home/work* (the coefficient equal to 0.082) as a desirable feature to shoppers as indicated in Model 1 by a positive and statistically significant coefficient influencing store satisfaction.

With increasing real estate prices, retail stores are continuously under pressure to be more efficient in accommodating their retail spaces, as

attested in the Chain Store Age Executive 1987 study There is big temptation to reduce the *aisle width*, but with growing trolley sizes and larger purchases per shopping trip, shoppers are being hard pressed to negotiate passageways in the stores particularly during peak shopping times. As demonstrated by the positive coefficient (0.082) of this variable in Model 1, wider aisles tend to increase store satisfaction.

In a study of the behaviour of grocery shoppers, Flavián *et al.*, (2001) was able to demonstrate that shoppers who are prone to linger longer in the retail stores are having a happy shopping experience. This indication is supported by the results in this research study. *Time spent in store*, has a positive influence (the coefficient equal to 0.067) on store satisfaction.

In Model 1, *sales assistance* has a positive influence on store satisfaction (parameter estimate is 0.065). Studies of Mägi (2003) and Macintosh and Lockshin (1997), have identified the availability of sales assistance to shoppers as a significant contributor to store satisfaction. With supermarkets becoming more expansive, shoppers often have difficulty in locating an item that they have never purchased from that store before and may want advice on product choice.

### Estimation results - Model 2 (store loyalty)

To identify the relevant variables that influence store loyalty, in spite of the availability of a special purchase opportunity in an alternative grocery store, the analysis was conducted in a similar way as was for store satisfaction level.

The multiple regression methods of *forward selection*, *backward elimination* and *stepwise selection* were again used to identify the predictor variables of store loyalty. The six significant variables (at the 5 percent level) from the list of 30 explanatory variables, including customer satisfaction (see Table I that influence store loyalty are included in the resulting estimated equation (Model 2) as:

$$L = 0.808 + 0.143 FFP - 0.141 TPO + 0.071 BUT + 0.043 SGB + 0.035SS + 0.029 SA$$

where,

- L* - Store Loyalty
- FFP* - Frequent Flyer Program
- TPO* - Travel for purchasing opportunity
- BUT* - Purchase of meat from store's delicatessen
- SGB* - Size of grocery bill
- SS* - Shelf signage
- SA* - Sale assistance

The descriptive statistics of store loyalty (the dependent variable) that includes the least squares results with the White heteroskedasticity consistent standard errors and t-statistics are presented in Table III.

Again, the Ramsey Reset test applied to Model 2 confirms that there is no specification error. Based on the *F*-test, the null hypothesis of *no correlation between store loyalty (L) and the sets of variables  $X'_{SA}$  and  $X'_{SP}$* , can be rejected at the 1 percent level of significance (p-value = 0.000). With regard to the individual variables, the outcome of the *t*-test reveals that all six variables are statistically significant at least at the 5 percent level.

**Table III**

Regression results of Model 2-store loyalty

Dependent Variable: <b>STORE LOYALTY</b>				
Method: Least Squares				
Included observations: 934				
White Heteroskedasticity-Consistent Standard Errors and Covariance				
Variable	Coefficient	Std. Error	t-Statistic	Probability
Constant	0.808202	0.100037	8.079031	0.0000
1.Frequent buyer program	0.143148	0.032048	4.466693	0.0000
2.Travel for purchasing opportunity	-0.141969	0.021715	-6.537981	0.0000
3.Purchase of meat from store's delicatessen	0.071202	0.035378	2.012625	0.0446
4.Size of grocery bill	0.043481	0.017145	2.536147	0.0115
5.Shelf signage	0.035127	0.016885	2.080355	0.0379
6.Sale assistance	0.028856	0.015111	1.909637	0.0567
R-squared	0.429878	Mean dependent variable	1.196339	
Adjusted R-squared	0.421089	S.D. dependent variable	0.401729	
S.E. of regression	0.576622	Akaike info criterion	0.896431	
Sum squared residuals	84.25556	Schwarz criterion	0.947663	
Log likelihood	-262.3776	F-statistic	14.77721	
Durbin-Watson statistics	1.978418	Prob (F-statistic)	0.000000	
Ramsey RESET Test:				
F-statistic	0.995009	Probability	0.000227	

The White heteroskedasticity test detected the presence of heteroskedasticity in Model 2 (test statistics is 89.58 with a probability of zero). The model was therefore, re-estimated using the White heteroskedasticity – consistent standard errors and covariance test. The results are presented in Table III.

### Discussion of results (Model 2)

Store Loyalty is defined in terms of six predictor variables in Model 2, three of which represent store attributes and three represent the attributes of shopping behaviour.

Notably, consistent with the literature, the overall store satisfaction was *not* found to be a significant

variable in influencing store loyalty and hence this variable does not appear in Model 2.

Remarkably, all but one explanatory variable, *travel for purchasing opportunity* have been found to generate store loyalty. Only one variable, namely, *sales assistance*, contributed to both the influence of store satisfaction and store loyalty.

Shoppers like to be rewarded with added value for the purchases they make. Being able to make an estimate of the additional value prior to purchase, may give shoppers an extra level of control of their shopping experience. *Frequent buyer program* appears to positively contribute to store loyalty with the coefficient of 0.143 in Model 2 and is statistically significant. Respondents were asked whether their purchases from their

primary store attracted loyalty program points like frequent flyer miles. It appears that shoppers prefer to patronize those retail stores with whose loyalty program they are familiar with rather than shop at an alternative store with another loyalty program (for which quite often they have to sign up, sometimes at a cost) or worse still with no loyalty program. The findings of this study seem to support the research outcome of Bolton *et al.* (2000), that *members* of the loyalty rewards program perceive that they are getting better quality and service for their price(s) in the store or, in other words, “good value.”

Loyalty programs offered by retail stores provide an enormous opportunity to retailers to organize an on-going dedicated communication with their patrons. Loyalty programs also enable retailers in their ongoing pursuit of information of consumers’ shopping patterns, to disaggregate sales data, including size of grocery bills, frequency of shopping and demographic data like age, occupation and place of residence/work.

It must be pointed out here that by extending their range to discounted petrol, Australian supermarkets are not offering a loyalty program, because the qualification of receiving a discounted petrol voucher on certain minimum purchase does not as per Ehrenberg *et al.* (1994) “lock up the customer through the equity the customer builds in the (loyalty) program”.

*Travel for purchasing opportunity* is the only predictor variable that moves store loyalty in the reverse direction by virtue of its negative coefficient (-0.141) in Model 2, i.e. travel for purchasing opportunity is inversely related to store loyalty. In response to

the question of the distance that they would be prepared to travel to buy their groceries from alternative stores if a special purchase opportunity was presented, loyal shoppers preferred not to travel at all or travel only a short distance. It appears that customers are less likely to switch (to another store) as the purchase opportunity moves further away from their regular store.

From Model 2 it appears that shoppers who regularly *purchase their meat requirement from their primary grocery store’s delicatessen* (the coefficient equal to 0.071) are inclined to stay loyal to their primary store and resist an inducement to switch to an alternative store. Respondents were asked to indicate whether or not they purchased their meat regularly from the store’s delicatessen. Meat products are generally priced higher in grocery stores than in the markets or stand alone butchers, suggesting that those patronizing delicatessens in supermarkets are less price-sensitive to meat products and/or time-poor, while valuing some other attributes.

The results from the estimation of Model 2 indicate that the *size of grocery bill* may contribute to the shoppers’ store loyalty. The parameter estimate is positive (the value is 0.043) and statistically significant at the 5 percent level. The respondents were asked to specify the average dollar value of their purchases per visit to their primary store. Shoppers with bigger average purchase bills appear intent to stay loyal to their present store. This result supports the findings of Knox and Denison (2000) that loyal shoppers spend double the amount in their “first choice” store. These shoppers do not seem to be motivated by special purchase opportunities in alternative grocery stores because they

perhaps believe that the likely savings are going to be marginal to the size of their regular grocery bills.

Familiarity with the *shelf signage* in the current retail store helps to improve the efficiency of locating items, particularly for time poor customers, which has been identified as retail management's number one problem (Chain Store Age Executive, 1987). It is possible that shoppers who are familiar with the configuration of their current store may be inhibited to trade off this efficiency by the opportunism of a purchase opportunity in an alternative store where they have to go through a learning of the new signage. This can become a particularly daunting task in grocery purchases where a long list of items require to be located at least in the first instance, before any assessment of their value can be made. Shelf signage is seen as a significant though small contributor (the coefficient equal to 0.035) to shopper loyalty to their current grocery store. When upgrading equipment or the store's ambience, retail stores must therefore be careful not to move too much away from the layout with which their current customers have grown accustomed to.

Mägi (2003) interpreted the positive effect of sales assistance in generating store satisfaction, as being a direct contributor to the customer staying loyal to the store. *Sales assistance* affected store loyalty in Model 2 in the same way, albeit with a different intensity, as it affected store satisfaction in Model 1. While the influence of sales assistance on store loyalty was small (the coefficient equal to 0.028), it seems reasonable to assume that the availability of this support, such as assistance with product choice, explaining product

usage, retrieving item from storage if unavailable on the shelf, is reassuring to shoppers and increases their allegiance to the store. Against this background, it is possible that the shopper may perceive the switch to an alternative store as risky, even with the promise of a special purchase opportunity, because they may not have the confidence to be time or cost efficient in the new shopping environment without being assisted.

### **Limitations of the study**

This study did not identify the income level, education background, employment status and household size of the respondents. These factors were considered intrusive in the context of investigating shopping experience, even though these shopper characteristics are known from the literature (Reynolds *et al.*, 1975; Goldman, 1978; Hisrich *et al.*, 1972; Dash *et al.*, 1976) to have a bearing on the shopper's perception of risk when buying from unfamiliar stores. These studies point out that increased income, assured employment, ability to process more information through greater education and lesser encumbrances in the family give the consumer greater confidence to try stores that they may not have frequented before. It would have been instructive to observe if demographic characteristics mediated by financial risk, psychological risk and social risk, identified in these store selection studies, had any influence in the shoppers' store satisfaction and in their resolve to stay loyal to the store.

## Conclusion

This research study was driven by the need to have a greater understanding of what elements in the retail firm's marketing mix should be specifically directed at retaining customers faced with inevitable competitor onslaught as against simply keeping them satisfied with their shopping outcome in the store.

This study estimated two models, one predicting store satisfaction and the other predicting store loyalty, when shoppers are presented with a special purchase opportunity in an alternative store. Except for *sales assistance* in both Model 1 (factors influencing store satisfaction) and Model 2 (factors influencing store loyalty), the store attributes and shopping behaviour patterns that influence store satisfaction in their primary store were different from those that influence them to stay loyal to their current store.

In accordance with the literature, this study demonstrated that overall satisfaction with a store did not significantly influence customers staying loyal to the store. This study however found that shoppers' intentions to remain loyal to their current main store, was influenced by several other contextual factors such as frequent buyer program, travel for purchasing opportunity, purchase of meat from store's delicatessen, size of grocery bill, shelf signage and sale assistance. In spite of being in a state of heightened consciousness of a special purchase opportunity (ongoing discounted petrol) in an alternative grocery store, respondent shoppers in this study, showed evidence of six factors that could motivate them to

continue their existing patronage to the current store.

## Implications

It is almost axiomatic that shoppers will be exposed to overtures from competing retailers. Depending on the character of the offer and quality of merchandising at the other store, various customers will prospect the offer and some among them might even decide to change their permanent allegiance to competition. An ongoing customer exodus of this sort can have a harmful effect on the retail firm's profitability. The paradox of this loss to the retail firm is that these breakaway customers may not have been dissatisfied (not at a conscious level anyway) with the service provided from their previous primary store; it is just that the store did not *insulate* them sufficiently from switching! On the other hand, as ascertained in this research study, there are many of the store's current customers who regularly resist the attractive offers made by competitors and stay loyal to their present store.

While the six factors that contribute to keeping customers loyal to their store have little in common with those that keep them satisfied with their shopping outcome, both sets of factors are supported by the marketing literature on customer satisfaction.

Augmenting services that improve store satisfaction alone may not by itself be sufficient to sustain store patronage. The sense of knowing which factors can build a cordon around customer switching, can only be got through systematic and sustained tracking of shopping patterns. As pointed out by Knight (1999), organised and regular feedback from the market place that

uncovers and creatively pulls together the shoppers' latent needs, can give retailers meaningful directions. This information should help retailers to recognise the elements that contribute to customer satisfaction from those that typically help sustain store loyalty and consequently separate their resources between the two sets. If the elements identified from market intelligence are strategically planned for and managed with a preparedness to sustain investment in them, retail stores can look forward to their customers coming back.

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