

# The relationship between a satisfactory in-store shopping experience and retailer loyalty

N.S. Terblanche\* and C. Boshoff

Department of Business Management, University of Stellenbosch, Private Bag X1,  
Matieland, Stellenbosch 7600, Republic of South Africa  
nst@maties.sun.ac.za

*Received March 2006*

In this study consumer satisfaction with the in-store shopping experience is used to predict two measures of retailer loyalty. The first measure is an attitudinal measure of loyalty. The second measure is actual buying behaviour – actual sales recorded in monetary terms and in terms of units bought. The results suggest that a satisfactory in-store shopping experience enhances cumulative or ‘overall’ consumer satisfaction, which in turn enhances both attitudinal loyalty and behavioural loyalty (actual sales).

\*To whom all correspondence should be addressed.

## Introduction

The importance of consumer loyalty in business in general and retailing in particular can hardly be over-emphasized. Singh and Sirdeshmukh (2000) even suggest that consumer loyalty is emerging as ‘the’ marketplace currency of the twenty-first century. Developing a loyal consumer base is, however, easier said than done. In recent years retail competition has intensified, generally as a consequence of new technologies, more sophisticated management practices and industry consolidation. A number of issues such as the commoditization of products, time scarcity, greater choice of stores and products, more mobile and better informed consumers, all contrive to discourage strong loyalty to individual stores by consumers (Schriver, 1997). The gathering momentum of the transition to impersonal, self-service systems may also have encouraged consumers to become more fickle in their shopping behaviour (Knox & Denison, 2000).

If one considers that some consumers are intrinsically loyal and patronise the same brand (store) while there are those potential switchers who, on every purchase occasion choose between brands according to a zero-order process (Colombo & Morrison, 1989) it is clear that the focus should be on those who are susceptible to switching.

Although loyalty has been the subject of study in marketing for a number of decades, retailers (compared to manufacturers) have traditionally placed less strategic importance on consumer loyalty (Wrigley & Dunn, 1984). The re-emergence of relationship marketing and the aforementioned rivalry in the retail marketplace have, since the 1990’s, led to a renewed emphasis on loyalty by retailers. The large number of consumer loyalty schemes introduced by many retailers is evidence of this challenging situation.

## The objectives of the study

Against the background of Dick and Basu’s (1994) call for a more in-depth assessment of the variables that drive consumer loyalty and retention we investigate the likely impact of shoppers’ satisfaction with the in-store shopping experience on loyalty. We acknowledge that loyalty has both an attitudinal and a behavioural component and therefore assessed the impact of the in-store shopping experience as antecedents on two measures of loyalty – one attitudinal and one of actual buying behaviour.

The study also attempts, in line with Dick and Basu’s (1994) call, to integrate loyalty into the larger body of marketing theory, and specifically those aspects related to satisfaction, service quality, merchandise quality and consumer retention.

Based on both empirical (Anderson, Fornell, & Lehmann, 1994; Cronin & Taylor, 1992; Boulding, Karla, Staelin, & Zeithaml, 1993; Fornell, 1992; Bloemer & De Ruyter, 1998; Jones, Mothersbaugh & Beatty, 2000) and anecdotal evidence (Heskett, Jones, Loveman, Sasser & Schlesinger, 1994) we propose that loyalty is both a long term ‘attitude’ and long term behavioural pattern which will be influenced by multiple shopping experiences over time. These multiple shopping experiences need, however, to be satisfactory to lead to the positive predisposition of long-term loyalty. We thus model (see Figure1) ‘cumulative’ consumer satisfaction as an intervening variable between the five dimensions of the in-store shopping experience and the two measures of loyalty as proposed in the Service-Profit Chain suggested by Heskett *et al.* (1994).

## The concept of consumer loyalty

Consumer loyalty has been defined in various ways ranging from a probability of repurchase to proportion of purchase (Sivadas & Baker-Prewitt, 2000). Jacoby and Chestnut (1978) identified over fifty operational definitions of loyalty and concluded that the idea that is central to many of these definitions is that loyalty is related to the proportion of expenditure devoted to a specific brand or store (East, Harris, Willson & Lomax, 1995). At a more general level, consumer loyalty can be described as a positive propensity toward a store or brand (East, Hammond, Harris & Lomax, 2000).

Dick and Basu (1994) and Mellens, Dekimpe and Steenkamp (1996) have reviewed different measures of propensity towards brands and stores. The general conclusion from these and other research studies is that loyalty is both a cognitive construct (attitude) and a shopping behaviour.

A number of authors have also suggested that loyalty is a relational phenomenon (Jacoby & Kyner, 1973; Sheth & Parvatiyar, 1995). The key antecedent, from a relationship marketing perspective, would appear to be an affective component including variables such as satisfaction and emotions or feelings about a brand or a store. Bloemer and De Ruyter (1998), in line with the relational approach, regard store loyalty as the biased (i.e. non-random) behavioural response (i.e. revisit), expressed over time, by some decision-making unit with respect to one store out of a set of stores, which is a function of psychological (decision-making and evaluative) processes resulting in store commitment. The critical part of the definition is store commitment, the absence of which makes visits by a consumer to a store spurious loyalty.

Dick and Basu (1994) argue that much of the existing research on consumer loyalty has focused on measurement and segmentation issues, and that more emphasis should be placed on integrating loyalty into the larger body of marketing theory (Macintosh & Lockshin, 1997). Henry (2000) cautions though that loyalty, despite its importance, is a fuzzy and under-analysed concept and is often confused with consumer retention and more importantly *the reasons* for consumer retention. In an effort to provide a more integrated perspective of loyalty, Dick and Basu (1994) proposed a conceptual framework based on the strength of a consumer's relative attitude and repeat purchase behaviour. This conceptual framework also considers the antecedents of attitude and factors that may mediate the attitude/behaviour relationship.

## The value and benefits of consumer loyalty

There is no doubt that a loyal consumer base is a competitive asset to any business organisation (Dekimpe, Steenkamp, Mellens & Van den Abeele, 1997). Aaker (1991) has argued that consumer loyalty presents an organization with the opportunity to charge a price premium and often serves as a barrier to competitive entry. Consumer loyalty is also a key determinant in predicting market share (Baldinger & Rubinson, 1996; Jacoby & Chestnut, 1978)

and profit levels (Reichheld, 1996). There is consensus that the dynamics of evolving business trends (such as competitive intensity combined with limited product differentiation), have elevated the importance of consumer retention in the modern business environment (Christopher, Payne & Ballantyne, 1991; Perrien & Ricard, 1995).

In the retail market environment in particular, slow growth and intense competition have refocused retailers' attention on the need to retain their existing consumers (Sirohi, McLaughlin & Wittink, 1998) as more and more retailers began to realise that acquiring a new consumer is much more expensive than keeping an existing one (Stone & Woodcock, 1996).

Beside the cost of acquiring new consumers, Knox and Denison (2000) found that store-loyal consumers in the grocery sector spend larger budgets and larger proportions of budgets at the stores they are loyal to. They term this double leveraging effect in grocery retailing the 'double indemnity effect'. Due to this leveraging effect consumers loyal to a particular grocery store tend to spend up to four times as much as switchers.

Increased consumer retention has two further important implications for retail firms. In the first instance it can lead to a gradual increase in the firm's consumer base which is vital in an era of low sales growth. Secondly, the profits earned from each individual consumer grow exponentially the longer the consumer remains loyal to the firm (Sirohi, McLaughlin & Wittink, 1998). Existing consumers also tend to purchase more than new consumers do (Rose, 1990).

## The antecedents of consumer loyalty

To leverage the benefits of consumer loyalty, retailers need to understand the antecedent drivers of loyalty. For instance, a review of the literature reveals numerous studies that reported a positive relationship between satisfaction and measures of repurchase intentions (Anderson *et al.*, 1994; Cronin & Taylor, 1992; Boulding *et al.*, 1993; Fornell, 1992; Bloemer & De Ruyter, 1998; Jones *et al.*, 2000). Other studies have contradicted these findings and reported that satisfied consumers do not necessarily demonstrate a high level of repurchase behaviour (Dufer & Moulins, 1989; Mittal & Kamakura, 2001; Reichheld, 1993).

Sirohi *et al.* (1998) found that store loyalty intentions, measured by intent to continue shopping, intent to increase purchases and intent to recommend the store, depend on service quality and merchandise quality perceptions. Service quality had the largest effect among all the independent variables on store loyalty intention in their study. Boulding *et al.* (1993) reported a significant relationship between service quality and a two-item measure of repurchase intention and willingness to recommend. Zeithaml, Berry and Parasuraman (1996), using five different behavioural intention measures (saying positive things, recommend, remain loyal, spend more and pay price premium), reported a significant relationship between service quality and all five behavioural intention measures.

Perceived value has been proposed as a mediating construct in the effects of price and other information on purchase intentions (Dodds & Monroe, 1985; Zeithaml, 1988). Perceived value is an important construct to consider because consumers often have an acceptable price range outside which products or brands may not be considered (Dodds, 1991). In a study that investigated the role of trust and value in loyalty formation, value consistently emerged as the most significant and dominant determinant of consumer loyalty, regardless of the service category (Sirdeshmukh, Singh & Sabol, 2002). Sirohi *et al.* (1998) also found that perceived value does play an important role in the determination of store loyalty intention. In similar vein Bloemer and De Ruyter (1998) found that their results 'nuance' the intuitively appealing direct relationship between store image and store loyalty. Store image can therefore influence store loyalty through store satisfaction.

### Store loyalty

The retailing literature seems to suggest that absolute consumer loyalty at store level is not a realistic proposition for retail marketers (Knox & Denison, 2000; Kau & Ehrenberg, 1984; East *et al.*, 1995). Brown had, as far back as 1953, pointed out that consumers patronise multiple stores and he used this argument as a basis to distinguish between divided loyalty (multi-store usage) and unstable loyalty which refers to a long term switch in store preference (Brown, 1953).

Some research results suggest that most shoppers purchase on a portfolio basis, which means switching from store to store at will (Kau & Ehrenberg, 1984). There would seem to be very few shoppers that remain absolutely brand and store loyal and those that are, are generally light shoppers (Ehrenberg, 1993). It appears as if at best what retailers can do is to raise the level or the degree of consumer loyalty rather than trying to achieve life-time exclusivity.

Since consumers are very unlikely to show exclusive loyalty to a store, store loyalty is a *relative* term in practice and is therefore particularly difficult to measure with any degree of precision (Knox & Denison, 2000). The various measures of store loyalty that have been used in past studies confirm the fact that the goal of having a generally accepted and acceptable means of optimally measuring store loyalty has remained elusive. Some of the measures used have initially been developed for assessing brand loyalty (e.g. Jacoby & Kyner, 1973; Jacoby & Chestnut, 1978), whilst others are more original and tailored specifically to store behaviour. One could therefore conclude that the existence of multiple measures of loyalty reflects the absence of a coherent definition of store loyalty.

One of the more widely used definitions of store loyalty that was developed against the background of the absence of consensus on what constitutes store loyalty is 'first-store loyalty'. 'First-store loyalty' is defined as the percentage of expenditure by a household in the most preferred store (Cunningham, 1956 & 1961). First-store loyalty (FSL) is thus the consumer's expenditure in his/her first store (i.e. where most money is spent) divided by total consumer expenditure in the particular retail category. This share

approach to loyalty is widely accepted for frequently purchased goods and is also appropriate in other fields such as airline, hotel, and restaurant usage where consumers typically distribute spending across several suppliers (East *et al.*, 2000). Various authors such as Wrigley and Dunn (1984), Mason (1991 & 1996) and East *et al.* (1995) used FSL as a store loyalty measure in a range of empirical studies.

It is important to realise that the repetitive behaviours of consumers form the basis for the development of measures such as store loyalty and retention. Such repetitive behaviour is likely to be due to a psychological predisposition, conditioned by environmental and personal factors such as location, store atmospherics, range, service, value for money, time pressure, store quality, store accessibility, employment status, income, age and the shopper's general tendency to be controlled by routines. These factors suggest that store loyalty should be operationalised as a multi-dimensional construct. Such an operationalisation also acknowledges that the intangible benefits associated with store selection have a significant part to play in building loyalty for some shoppers (Zeithaml *et al.*, 1996; Sirohi *et al.*, 1998; Boulding *et al.*, 1993). In similar vein Enis and Paul (1970) identified the main determinants of store loyalty as: environmental conditions; consumer socio-economic characteristics; consumer psychological characteristics; and retailer marketing strategies. All of these are, however, strongly influenced by the competitive environment and will be adapted while changes in the environment occur (Stigler & Becker, 1977). Seiders and Tigert (1997), for instance, found that the switching rate from one primary supermarket to another ranged from 10 to 57 per cent per year in US retail environments as competition increased.

### Measures of store loyalty

Store loyalty has been operationalised and measured in many different ways (Jacoby & Chestnut, 1978). Perhaps the two most common are behavioural measures of proportion of purchase and purchase intention. Others have argued that behaviour must be based on an enduring predisposition or attitude (Day, 1969).

Knox and Dennison (2000) have classified the various measures of loyalty into four categories: patronage measures (P) focus on the number of shopping visits made in one store relative to others whilst the switching ratio (S) reflects the degree of successive visits made to the store and subsequent switching patterns. Budget measures (B) refer to the proportion of total expenditure devoted to a preferred store. Composite measures (B-P-S), the fourth category of store loyalty, combine P and S with B.

The most widely used measures of store loyalty intentions are: intent to continue purchasing, intent to increase future purchases, intent to recommend a store to others, and proportion of total category purchase at the focal store (Enis & Paul, 1970; Sirohi *et al.*, 1998; Knox & Denison, 2000; East *et al.*, 2000). The intent to recommend is also relevant to consumer retention in the sense that consumers' intentions to recommend a retailer to others would not be consistent

with inclinations to switch from the same retailer (Sirohi *et al.*, 1998).

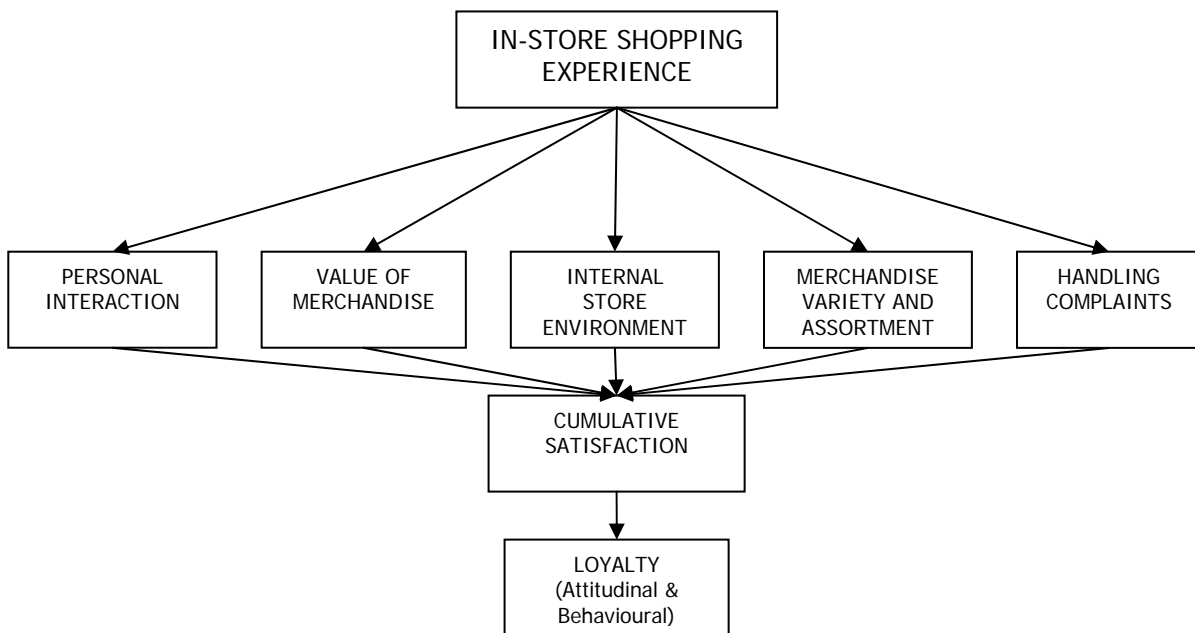
Besides the difficulty of operationalising store loyalty the question of what drives this loyalty at retail store level has remained equally difficult to answer.

**The construct "in-store shopping experience"**

SERVQUAL was the basis for an instrument, developed by Dabholkar, Thorpe and Rentz (1996), to measure service quality in a retailing environment, as well as capturing further dimensions of retail service quality seen to be unique to the retail environment. Although it is true that Dabholkar *et al.* (1996) contributed to a better understanding of the quality of service in the retail sector, critics pointed out that, amongst other limitations, they did not probe the relationship between consumer perceptions of product quality in a retail store and the provision of service quality by the retailer (Finn & Kayandé, 1997:2). A subsequent study reported in 2001 by Vásquez, Rodrigues-del Bosque, Diaz and Ruiz (2001) also attempted to encapsulate those unique factors in a retail setting where a mix of goods and services are offered. They developed the CALSUPER scale

to measure the factors unique to a retail environment with a mix of service and product elements. However, Vásquez *et al.* (2001) did not succeed in overcoming the limitations of the efforts of Dabholkar *et al.* (1996).

We argue that many of the earlier attempts to identify what keeps retailer shoppers loyal to a store have made only a limited contribution to our understanding of the retailer loyalty phenomenon because of the limited scope of the conceptualisation of the retail shopping experience. In other words, it is not only service quality that will drive consumer loyalty. It is not only merchandise value that will drive loyalty - it is a combination of various factors that influence each other and combine into a whole that will determine the loyalty of a retail shopper. Consumer loyalty is preceded by a multitude of experiences and perceptions not adequately captured by many of the earlier attempts to understand it. The failure to acknowledge the multi-dimensional nature of the shopping experience has detracted from our understanding of consumers' experiences, and by focusing on one element in isolation, one could easily overstate or underestimate the importance of one component of in-store experience to the detriment of others.



**Figure 1: The dimensions and outcomes of the in-store shopping experience**

Based on the work of both Dabholkar *et al.* (1996) and Vásquez *et al.* (2001), a measuring instrument that avoids the limitations of the aforementioned two measures and attempts to measure the perceptions of consumers' in-store shopping experiences has been developed. The instrument is based on empirical data collected from more than 11 000 respondents from 31 stores and was subjected to a thorough scale development process that has been adequately reported elsewhere (Terblanche & Boshoff, 2002). The conclusion reached was that consumers' in-store shopping experiences could be described as a five-dimensional construct, as seen in Figure 1.

A cursory glance at Figure 1 suggests that the ISE construct represents a blend of the SERVQUAL dimensions of service quality and the store image dimensions previously reported in the retail literature, namely merchandise, service, and also the pleasantness of shopping (Mazusky & Jacoby, 1985). The ISE construct encapsulates these three dimensions as well as two additional dimensions, namely Complaint Handling and Personal Interaction.

**Personal interaction**

'Personal Interaction' refers to all face-to-face interactions between retail employees and consumers. In terms of the

SERVQUAL dimensions, personal interaction represents the dimensions of responsiveness, assurance, and empathy (Parasuraman, Berry & Zeithaml, 1988).

### Merchandise value

The perceptions 'Evaluation' and 'Image' of retail stores have proved to be important factors underlying consumers' experience of the quality of products or merchandise in those stores (Dabholkar *et al.*, 1994:4; Sirohi *et al.*, 1998:240). In this process the question of price plays a dominant role regarding consumer satisfaction, since value is a result of the consumer's perception of the ratio of benefits gained for the price paid (Anderson *et al.*, 1994; Hallowell, 1996:26; Anthanassopoulos, 2000:192; Cronin, Brady & Hult, 2000). The scale development process (to which reference was made above) revealed that the items measuring the quality of goods and the prices, loaded on a single factor (when these items were factor analysed) that implied that these were elements of a single dimension. These factors were subsequently renamed 'Merchandise Value' during the exploratory factor analysis phase of the data analysis.

### Internal store environment

'Internal Store Environment' relates to all the elements playing a part in an agreeable shopping atmosphere. These elements include the shop's layout, aisles to facilitate movement, the store's cleanliness, uncluttered product displays, and attractive interior decoration. The retail literature concludes that consumers put a high value on stores' physical attributes because of the convenience this provides to consumers (Gutman & Alden, 1985; Hummel & Savitt, 1988; Mazursky & Jacoby, 1985; Oliver, 1981). The later study by Dabholkar *et al.* (1996:7) reached the same conclusion that a store's layout contributes to the shopping convenience of consumers, thereby contributing to a positive shopping experience. Literature from the field of environmental psychology also supports the notion that retail store consumers' behaviour and attitude can be co-determined by their physical surroundings (Donovan & Rossiter, 1982; Darden, Erdem & Darden, 1983; Ridgeway, Dawson & Bloch, 1989). Kerin, Jain and Howard (1992:381) are of the opinion that tangible store attributes can be described as the 'means' whereby consumers are able to achieve a desired 'end', which will include an agreeable in-store shopping experience. Other researchers (for instance Sirohi *et al.*, 1998:237), have established that a good store design - relating to its overall appearance, cleanliness, width of aisles, departments located in appropriate places and clearly marked directions in the aisles - all contribute to a higher appreciation of the quality of the merchandise on offer. From the above, one can conclude that the physical attributes of a store, its layout, appearance, and physical presentation combine to provide a major supporting role in the store's product offering (Greenley & Shipley, 1989).

### Merchandise variety and assortment

Some of the well-described components of the conventional retail marketing mix include the variety and the assortment of the merchandise on offer (Hasty & Reardon, 1997:11).

Probably the single most complex expectation of retail consumers relates to the relation between the variety or selection of the different kinds of products and the shopping intentions and preferences of these consumers (Davidson, Sweeney & Stampfl, 1988:141). On the one hand, variety and assortment go together, and on the other hand, there is a direct relationship between the range of products offered and the categories of products. This inter-relationship implies that consumers demand both a variety of products and also a variety of different colours, brands, styles, models and sizes for each product line. In this scenario, three components can be distinguished, namely the size of the assortment, the attribute dispersion, and the attribute association (Van Herpen & Pieters, 2000:2). The image which retailers aim to project will to a significant degree influence the variety of merchandise and the depth of the assortment on offer.

### Complaint handling

In the initial development process of the ISE scale, the authors investigated a range of store policies. The aim was to ensure that the influence of the store's responsiveness to consumers' needs would be captured. The store policies that were considered included the return or exchange of purchases, shopping hours, payment options, and the system to deal with enquiries or complaints by consumers (Westbrook, 1981; Mazursky & Jacoby, 1985; Dickson & McLachlan, 1990; Dickson & Albaum, 1977). In the end, the analysis proved that items related to the handling of complaints (a sub-set of store policy) represented a separate dimension of the in-store shopping experience. This led to Complaint Handling being included as a separate dimension of the construct In-store Shopping Experience (ISE).

In summary, the In-store Shopping Experience (ISE) is a multidimensional construct and the ISE instrument captures the following five dimensions of the experience: Merchandise Value, Internal Store Environment, Personal Interaction, Merchandise Variety and Assortment, and Complaint Handling. We believe that the psychometric characteristics of the ISE instrument are scientifically proven in terms of its unidimensionality, with-in method convergent validity, cross-validation of dimensions in an appropriate sample, and its nomological validity (Terblanche & Boshoff, 2002).

## The research design

### The sample

The ISE instrument was administered to a sample of consumers from the database of a retailer selling mainly health, beauty and lifestyle products. In total 34 000 questionnaires were mailed out and 3 153 received back for an effective response rate of 9.3%.

### The measuring instruments

Consumer satisfaction with the in-store shopping experience was measured with the ISE instrument developed by Terblanche and Boshoff (2002). The uni-dimensionality, convergent validity, reliability, convergent validity,

discriminant validity and its nomological validity (Tull & Hawkins, 1993) of this multi-item instrument are well documented (Terblanche & Boshoff 2002). In addition the ISE instrument demonstrated excellent construct validity based on the covariance structural equation modeling guidelines suggested by Steenkamp and Trijp (1991).

Cumulative or overall consumer satisfaction was measured with a three-item instrument based on the research of Anderson *et al.* (1994) and Macintosh and Lockshin (1997). Attitudinal loyalty was measured with a four-item instrument based on the work of Zeithaml *et al.* (1996), Sirohi *et al.* (1998) and East *et al.* (2000). The items used in the particular scales are:

#### Overall consumer satisfaction

- When I consider my experience at XXX, I am satisfied
- After shopping at XXX, I am usually satisfied
- My overall satisfaction with XXX is high

#### Attitudinal loyalty

- I consider XXX as my first choice store for health, home and beauty shopping
- I intend to shop at XXX again in the future
- I intend to recommend XXX to other people
- What proportion of your total, home and beauty spending is made at XXX (expressed as a percentage)

Actual buying behaviour (behavioural loyalty) was measured with six manifest variables captured from the consumer records of the participating retailer:

- Total spend during previous 12 months (monetary value)
- Total spend during the previous 13-24 months (monetary value)
- Total number of baskets bought during the previous 12 months
- Total number of baskets bought during the previous 13-24 months
- Total number of items bought during the previous 12 months
- Total number of items bought during the previous 13-24 months

#### Statistical methods

As proposed by Steenkamp and Trijp (1991), LISREL (version 8.54) for Windows (Jöreskog & Sörbom, 2003) was used to fit the model depicted in Figure 2 to the data, to avoid the limitations associated with correlation and regression analyses. More specifically, the Weighted Least Squares (WLS) method for polychoric correlation matrices was used.

## The empirical results

### Reliability

Firstly we assessed the reliability of each construct in the model. Not only did the ISE instrument return a high Cronbach alpha of 0.945, but each dimension's Cronbach alpha comfortably exceeded 0.8 (Personal Interaction; PERIN: 0.933; Merchandise Value; MEVAL: 0.851; Customer Complaint Handling; COHAN: 0.885; Store Environment; STENV: 0.882; Variety and Assortment; VAROS: 0.851). The instruments used to measure Customer Satisfaction ( $\alpha = 0.850$ ) and Attitudinal Loyalty ( $\alpha = 0.790$ ) also proved to be reliable.

### The relationship between satisfaction with ISE, consumer satisfaction and attitudinal measures of loyalty

The relationships between the individual ISE dimensions, Cumulative consumer satisfaction and Loyalty are depicted in Figure 2.

The WLS estimates of the path coefficients for the attitudinal model were:  $\chi^2 = 2634,1$ ;  $df = 334$ ;  $RMSEA = 0,047$ ;  $GFI = 0,978$ ;  $AGFI = 0,974$ ;  $NFI = 0,923$ . Table 1 shows that all the estimates are in the predicted direction and all, except for the influence of Customer Complaint Handling (COHAN) on Customer Satisfaction (CSAT), are statistically significant.

The influence of Customer Satisfaction on attitudinal Loyalty is particularly strong (0,981;  $p < 0,001$ ). The same applies to Merchandise Value (0,315;  $p < 0,001$ ) and Store Environment (0,196;  $p < 0,001$ ) on Customer Satisfaction and to a lesser extent to Merchandise Variety and Assortment (0,194;  $p < 0,01$ ) and Personal Interaction (0,191;  $p < 0,01$ ).

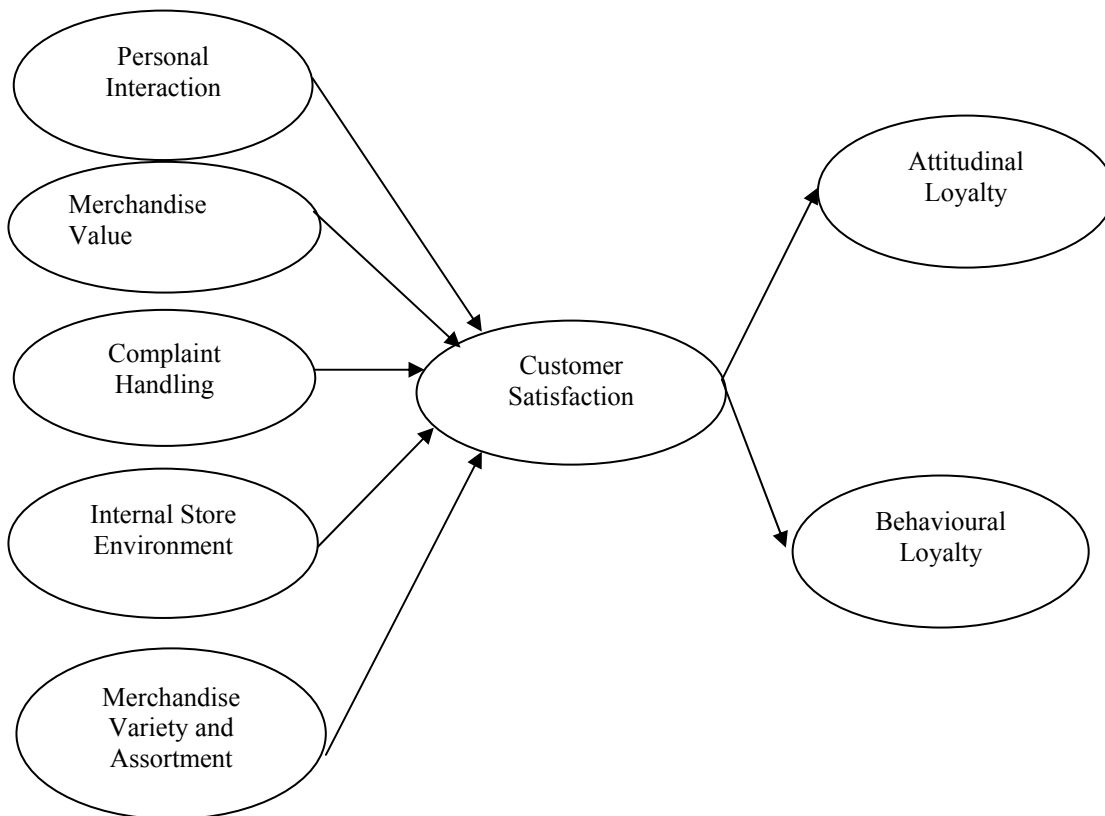
**Table 1: Parameter estimates for model in Figure 2: The attitudinal model**

Path	Parameter estimate (t-value)
CSAT → LOYALTY	0,981 (86,67)***
PERIN → CSAT	0,191 (2,65)**
MEVAL → CSAT	0,315 (3,79)***
COHAN → CSAT	0,108 (1,56)
STENV → CSAT	0,196 (3,90)***
VAROS → CSAT	0,194 (2,59)**

\*\*\* =  $p < 0,001$

\*\* =  $p < 0,01$

\* =  $p < 0,05$



**Figure 2: The theoretical model**

**Table 2: Parameter estimates for model in Figure 2: The behavioural model**

Path	Parameter estimate (t-value)
CSAT → LOYALTY	0,064 (3,36)***
PERIN → CSAT	0,400 (8,80)***
MEVAL → CSAT	0,409 (9,23)***
COHAN → CSAT	0,125 (2,85)**
STENV → CSAT	0,043 (1,31)
VAROS → CSAT	0,086 (2,24)*

\*\*\* =  $p < 0.001$

\*\* =  $p < 0.01$

\* =  $p < 0.05$

The relationship between satisfaction with ISE, consumer satisfaction and behavioural measures of loyalty

Table 2 shows the estimates of the path coefficients for the behavioural model. According to Table 2 “cumulative” Customer Satisfaction exerts a statistically significant (0,064;  $p < 0,001$ ) positive influence on the actual buying behaviour of respondents (Behavioural Loyalty). It also shows that Personal Interaction (0,400) and Merchandise Value (0,409) influence Customer Satisfaction positively ( $p < 0,001$  in both cases). The same applies to Customer

Complaint Handling (0,125) and Variety and Assortment (0,086) at the 1% and 5% levels respectively. The only dimension of the in-store shopping experience that does not seem to influence Customer Satisfaction (and thus behavioural loyalty) is Store Environment (STENV)

The behavioural model also returned a satisfactory fit of the data to the model ( $\chi^2 = 8714,4$ ;  $df = 389$ ;  $RMSEA = 0,058$ ;  $GFI = 0,875$ ;  $AGFI = 0,851$ ;  $NFI = 0,965$ ).

## Conclusion

This study has shown that the in-store shopping experience of retail shoppers strongly influences the satisfaction of retail shoppers and that cumulative satisfaction will impact on their ‘between-the-ears loyalty’ as well as on their ‘feet loyalty’. In other words, satisfaction with the in-store shopping experience will determine consumers’ attitude towards the retailer, which in turn will influence the amount of money they spend over time.

In both the attitudinal model and the behavioural model satisfaction with Personal Interaction, Merchandise Value and Variety and Assortment impact positively on ‘cumulative’ or overall satisfaction and loyalty.

The empirical results seem to suggest that, if retailers want to realise the elusive goal of store loyalty, they have to ensure that the basic elements of competent staff, sufficient choice and merchandise value are in place before embarking on the add-ons and gimmicks so prominent in modern-day retailing.

One can argue that the basics of retailing is the provision of good quality products that are free of defects and represent good value; combined with a wide selection of goods and brands. However, retailers will have to accept that it is not only *what* they are marketing but also *how* it is done. The personal (face-to-face) interaction between retail staff and shoppers is of critical importance. There is no doubt that retail shoppers value prompt service, personal attention, and sales assistants that are willing to help and do so courteously.

Whilst Store Environment proved to be a significant predictor of 'cumulative' or overall satisfaction in the attitudinal model but not in the behavioural model and Customer Complaint Handling was significant in the behavioural model but not in the attitudinal model, retailers will ignore these dimensions of the in-store shopping experience at their peril. Both of these dimensions could be acting as satisficers in that they may not always influence loyalty because they are present at the moment, but their absence will influence loyalty. It can be regarded as a hygiene factor (it does not add to satisfaction itself but causes dissatisfaction if is absent).

The key question addressed by this study, namely 'Can a satisfactory in-store shopping experience predict retailer loyalty?', can be answered in the affirmative. A satisfactory in-store shopping experience can predict both behavioural and attitudinal loyalty.

### Managerial implications

Consumer loyalty is the tangible and measurable outcome of attempts to sustain meaningful and profitable relationships with consumers. Some authors regard consumer loyalty as the behavioural and attitudinal link between the creation of consumer satisfaction and repeat sales, market share and profitability (Oliver, 1996; Rust & Zahorik, 1993). However, consumer loyalty is best seen as a propensity, and not something that can be attained exclusively for an indefinite length of time (Uncles & Laurent, 1997: 402). Thus, during the time that a particular consumer prefers to patronise a particular retailer, the retailer should ensure that the factors that impact on and prolongs consumer loyalty should be carefully monitored and managed.

Demanding consumers and the intensification of competition amongst retailers make the development of loyalty amongst one's present consumers a necessity. The development of a loyal consumer base is, however, very challenging. To complicate matters even further, various measures that are assumed to measure loyalty are available in the marketplace. It is, however, important for managers to view loyalty as a multi-faceted concept, namely that various elements collaborate to produce loyalty.

This study confirms the important role that salespeople and other contact staff play in the creation of loyalty. Staff should be encouraged to develop and nurture relationships with consumers. Training and educating staff in the handling of interpersonal relationships should be a priority of a retailer wishing to build a loyal consumer base. Training aimed at dealing effectively with consumer enquiries,

behaving courteously and to be sensitive to cultural and other differences are particularly important. A certain level of product knowledge is also important for staff. Some consumer questions might be of a very personal nature and staff should be able to deal with them with the necessary empathy, understanding and sensitivity.

Value, variety and assortment of merchandise that meet consumers' expectations are also important for loyalty creation and maintenance. On the one hand, this will require retailers to study market trends and new product developments diligently to ensure that consumer demands are met. On the other hand, it also compels retailers to ensure that stocks are available and replenished regularly to ensure that consumers always enjoy the availability of the full spectrum of value, variety and assortment of merchandise they require.

Trust, in the sense that available merchandise delivers on its inherent promise, is an important ingredient of the merchandise value by a retailer. Consumers equate value through a combination of merchandise and quality and the retailer should ensure that these two elements are in harmony with one another.

In the final instance one can conclude that a retailer should be sensitive to the elements that form and maintain consumer loyalty to prolong the time that a consumer patronises the store. Repeat sales and increased profitability are the rewards for a retailer's efforts to enhance consumer loyalty.

### References

- Aaker, D.A. 1991. 'Measuring brand equity across products and markets', *California Management Review*, **38**(2): 102-120.
- Anderson, E.W., Fornell, C. & Lehmann, D.R. 1994. 'Customer satisfaction, market share and profitability: Findings from Sweden', *Journal of Marketing*, **58**(3): 53-66.
- Anthanasopoulos, A.D. 2000. 'Customer satisfaction cues to support market segmentation and explain switching behaviour', *Journal of Business Research*, **47**(3): 191-207.
- Baldinger, A.L. & Rubinson, J. 1996. 'Brand Loyalty: The link between attitude en behavior', *Journal of Advertising Research*, **36**(6): 22-34.
- Baldinger, A.L. & Rubinson, J. 1997. 'The jeopardy in double jeopardy', *Journal of Advertising Research*, **37**(3): 37-49.
- Berman, B. & Evans, J.R. 1998. *Retail management*. 7th Edition. Upper Saddle River: Prentice Hall.
- Berry, L.L. & Parasuraman, A. 1991. *Marketing services*. New York: Free Press.
- Bishop, W.R. 1984. 'Competitive intelligence', *Progressive Grocer*, **March**: 19-20.



- Bloemer, J. & De Ruyter, K. 1998. 'On the relationship between store image, store satisfaction and store loyalty', *European Journal of Marketing*, **32**(5/6): 499-513.
- Boulding, W., Kalra, A., Staelin, R. & Zeithaml, V.A. 1993. 'A dynamic process model of consumer satisfaction: From expectations to behavioural intentions', *Journal of Marketing Research*, **15**(1): 7-27.
- Brown, G.H. 1953. 'Brand loyalty. Advertising Age, 24'. Reproduced in Ehrenberg, A.S.C. & Pyatt, F.G. (Eds.). *Consumer behaviour : Selected readings*. Harmondsworth: Penguin Books, p.p.28-35.
- Christopher, M., Payne, A. & Ballantyne, D. 1991. *Relationship marketing: Bringing quality, customer service, and marketing together*. Oxford: Butterworth Heinemann.
- Churchill, G.A. 1979. 'A paradigm for developing better measures of marketing constructs', *Journal of Marketing Research*, **XVI** (February): 64-73.
- Colombo R.A. & Morrison, D.G. 1989. 'A brand switching model with implications for marketing strategies', *Marketing Science*, **8**(1): 88-99.
- Cronin, J.J, Brady, M.K. & Hult, G.T. 2000. 'Assessing the effects of quality, value, and customer satisfaction on consumer behavioural intentions in service environments', *Journal of Retailing*, **76**(2): 193-218.
- Cronin, J.J. & Taylor, S.A. 1992. 'Measuring service quality: A re-examination and extension', *Journal of Marketing*, **56**(3): 55-68.
- Cunningham, R.M. 1956. 'Brand loyalty - what, where, how much?', *Harvard Business Review*, **34**(1): 116-128.
- Cunningham, R.M. 1961. 'Customer loyalty to store and brand', *Harvard Business Review*, **39**(6): 127-137.
- Dabholkar, P.A., Thorpe, D.I. & Rentz, J.O. 1996. 'A measure of service quality for retail stores: scale development and validation', *Journal of the Academy of Marketing Science*, **24**(1): 3-16.
- Darden, W.R., Erdem, O. & Darden, D.K. 1983. 'A comparison and test of three causal models of patronage intentions.' In Darden, W. R. & Lusch, R. F. (Eds.). *Patronage behaviour and retail management*. New York: North-Holland.
- Davidson, W.R., Sweeney, D.J. & Stampfl, R.W. 1988. *Retail management*. 6<sup>th</sup> Edition. New York: John Wiley and Sons.
- Day, G.S. 1969. 'A two-dimensional concept of brand loyalty', *Journal of Advertising Research*, **9**(3): 29-33.
- Dekimpe, M.G., Steenkamp, J-B.E.M., Mellens, M. & Van den Abeele, P. 1997. 'Decline and variability in brand loyalty', *International Journal of Research in Marketing*, **14**(5): 405-420.
- Dick, A.S. & Basu, K. 1994. 'Customer loyalty: Towards an integrated framework', *Journal of the Academy of Marketing Science*, **22**(2): 99-113.
- Dickson, J.P. & Albaum, G. 1977. 'A method for developing tailor made semantic differentials for specific marketing content areas', *Journal of Marketing Research*, **14**(February): 87-91.
- Dickson, J.P. & MacLachlan, D.L. 1990. 'Social distance and shopping behaviour', *Journal of the Academy of Marketing Science*, **18**(2): 153-161.
- Dodds, W.B. & Monroe, K.B. 1985. 'The effect of brand and price information on subjective product evaluations'. In Hirschman, E. C. & Holbrook, M. B. (Eds.). *Advances in consumer research*, **12**: 85-90. Provo, UT: Association for Consumer Research.
- Dodds, W.B. 1991. 'In search of value: How price and store name information influence buyer's product perceptions', *Journal of Services Marketing*, **5** (3): 27-36.
- Dodds, W.B., Monroe, K.B. & Grewal, D. 1991. 'Effects of price, brand, and store information on buyers' product evaluations', *Journal of Marketing Research*, **XXVIII** (August): 307-319.
- Donavon, R.J. & Rossiter, J.R. 1982. 'Store atmosphere: An environmental psychology approach', *Journal of Retailing*, **58** (Spring): 39-52.
- Doyle, M. 1984. 'New ways of measuring value', *Progressive Grocer-Value*, Executive Report: 15-19.
- Dufer, J. & Moulins, J.L. 1989. 'La Relation entre la Satisfaction du Consommateur et sa Fidélité à la Marque: un Examen Critique', *Recherche et Applications en Marketing*, **4**(2): 21-36.
- East, R., Harris, P., Wilson, G. & Lomax, W. 1995. 'Loyalty to supermarkets', *International Review of Retail, Distribution and Consumer Research*, **5**(1): 99-109.
- East, R., Hammond, K., Harris, P. & Lomax, W. 2000. 'First-store loyalty and retention', *Journal of Marketing Management*, **16**: 307-325.
- Ehrenberg, A.S.C. 1993. 'If you're so strong, why aren't you bigger?', *Admap*: 13-14.
- Enis, B.M. & Paul, G. W. 1970. 'Store loyalty as a basis for market segmentation', *Journal of Retailing*, **46**(3): 206-208.
- Finn, A. & Kayandé, U. 1997. 'Consistency of the relationship between retailer product and service quality.' Paper read at the 4<sup>th</sup> Recent Advances in Retailing and Services Science Conference, Scottsdale, Arizona.
- Fornell, C. 1992. 'A national customer satisfaction barometer: The Swedish experience', *Journal of Marketing*, **55**(1): 1-21.

- Gerbing, D.W. & Anderson, J.C. 1996. 'Viability of exploratory factor analysis as a precursor to confirmatory factor analysis', *Structural Equation Modeling*, **3**(1): 62-72.
- Ghosh, A. & McLafferty, S.L. 1987. *Location strategies for retail and service firms*. Lexington, MA : Lexington Books.
- Greenley, G.E. & Shipley, D.D. 1988. 'An empirical overview of marketing by retailing organisations', *Service Industries Journal*, **8**(1): 49-66.
- Gutman, J. & Alden, S.D. 1985. 'Adolescents' cognitive structures of retail stores and fashion consumption: A means-end chain analysis of quality'. In Jacoby, J. & Olsen, J. (Eds.). *Perceived quality : How consumers view stores and merchandise*. Lexington, M.A.: Lexington Books.
- Hallowell, R. 1996. 'The relationship of customer satisfaction, customer loyalty and profitability: An empirical study', *The International Journal of Service Industry Management*, **7**(4): 27-42.
- Hasty, R. & Reardon, J. 1997. *Retail management*. New York: McGraw-Hill.
- Henry, C.D. 2000. 'Is customer loyalty a pernicious myth?', *Business Horizons*, **43**(4): 13-16.
- Heskett, J.L., Jones, T.O., Loveman, G.W., Sasser, W.E. & Schlesinger, L.A. 1994. 'Putting the service-profit chain to work', *Harvard Business Review*, **72**(2): 164-174.
- Hirschmann, E.C. 1981. Retail research and theory. In Enis, B. E. & Roering, K. J. (Eds.). *Review of marketing*. Chicago: American Marketing Association, p.p. 120-133.
- Homburg, C. & Giering, A. 2001. 'Personal characteristics as moderators of the relationship between customer satisfaction and loyalty: An empirical analysis', *Psychology & Marketing*, **18**(1): 43-66.
- Hummel, J.W. & Savitt, R. 1988. 'Integrated customer service and retail strategy', *International Journal of Retailing*, **3**(2): 5-21.
- Jacoby, J. & Chestnut, R.W. 1978. *Brand loyalty measurement and management*. New York: Wiley.
- Jacoby, J. & Kyner, D.B. 1973. 'Brand loyalty vs. repeat purchase behaviour', *Journal of Marketing Research*, **10**(1): 1-9.
- Jones, M.A., Mothersbaugh, D.L. & Beatty, S.E. 2000. 'Switching barriers and repurchase intentions in services', *Journal of Retailing*, **76**(2): 259-274.
- Jöreskog, K.G. & Sörbom, D. 2003. *LISREL 5.54 for Windows* [Computer Software]. Lincolnwood, IL: Scientific Software International, Inc.
- Kau, A.K. & Ehrenberg, A.S.C. 1984. 'Patterns of store choice', *Journal of Marketing Research*, **21**(4): 399-409.
- Kerin, R.A., Jain, A. & Howard, D.J. 1992. 'Store shopping experience and consumer price-quality-value perceptions', *Journal of Retailing*, **68** (Winter): 376-397.
- King, C.W. & Ring, L.J. 1980. 'Market positioning across retail fashion institutions: A comparative analysis of store types', *Journal of Retailing*, **56** (Spring): 37-55.
- Knox, S.D. & Denison, T.J. 2000. 'Store loyalty: Its impact on retail revenue. An empirical study of purchasing behaviour in the UK', *Journal of Retailing and Consumer Services*, **7**(1): 33-45.
- Macintosh, G. & Lockshin, L.S. 1997. 'Retail relationships and store loyalty: A multi-level perspective', *International Journal of Research in Marketing*, **14**(5): 487-497.
- Mägi, A.W. 2003. 'Share of wallet in retailing: The effects of customer satisfaction, loyalty cards and shopper characteristics', *Journal of Retailing*, **79**(2): 97-106.
- Mason, N. 1991. *An investigation into grocery shopping behaviour in Britain*. Headington, Oxford: Nielsen Consumer Research.
- Mason, N. 1996. 'Store loyalty – That old Chestnut, customer loyalty – The issue for the 90's', *The Researcher*, **1**: 6-15.
- Mazursky, D. & Jacoby, J. 1985. 'Forming impressions of merchandise and service quality'. In Jacoby, J. & Olsen, J. (Eds.). *Perceived quality: How consumers view stores and merchandise*. Lexington, M.A.: Lexington Books.
- Mellens, M., Dekimpe, M.G. & Steenkamp, J-B.E.M. 1996. 'A review of brand-loyalty measures in marketing', *Tijdschrift voor Economie en Management*, **41**(4): 507-533.
- Mittal, V. & Kamakura, W.A. 2001. 'Satisfaction, repurchase intent, and repurchase behaviour: Investigating the moderating effect of customer characteristics', *Journal of Marketing Research*, **38**(February): 131-142.
- Oliver, R.L. 1981. 'Measurement and evaluation of satisfaction processes in retail settings', *Journal of Retailing*, **57**(Fall): 25-48.
- Oliver, R.L. 1996. *Satisfaction: A behavioural perspective on the consumer*. New York: McGraw-Hill.
- Parasuraman, A., Zeithaml, V.A. & Berry, L.L. 1988. 'SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality', *Journal of Retailing*, **64**(Spring): 12-40.
- Perrien, J. & Ricard, L. 1995. 'The meaning of a marketing relationship : A pilot study', *Industrial Marketing Management*, **24**(3): 37-43.
- Peterson, R.A. 1994. 'A meta-analysis of Cronbach's coefficient alpha', *Journal of Consumer Research*, **27**(September): 381-391.

- Pritchard, M.P., Havitz, M.E. & Howard, D.R. 1999. 'Analyzing the commitment-loyalty link in service contexts', *Journal of the Academy of Marketing Science*, **27**(3): 333-348.
- Reichheld, F.F. 1993. 'Loyalty-based management', *Harvard Business Review*, **71**(2): 64-73.
- Reichheld, F.F. 1996. *The loyalty effect – the hidden force behind growth, profits and lasting value*. Boston, MA : Harvard Business School Press.
- Ridgeway, N.M., Dawson, S.A. & Bloch, P.H. 1989. 'Pleasure and arousal in the marketplace: Interpersonal differences in approach-avoidance responses', *Marketing Letters*, **1**(2): 139-147.
- Rose, S. 1990. 'The coming revolution in credit cards', *Journal of Retail Banking*, **12**(2): 17-19.
- Rust, R.T. & Zahorik, A.J. 1993. 'Customer satisfaction, customer retention, and market share', *Journal of Retailing*, **69**(2): 193-215.
- Schriner, S. 1997. 'Customer loyalty : Going, going...', *American Demographics*, **19**(9): 20-23.
- Seiders, K. & Tigert, D.J. 1997. 'Impact of market entry and competitive structure on store switching/store loyalty', *International Review of Retail, Distribution and Consumer Research*, **7**(3): 227-247.
- Sheth, J.N. & Parvatiyar, A. 1995. 'The evaluation of relationship marketing', *International Business Review*, **4**(4): 397-418.
- Singh, J. & Sirdeshmukh, D. 2000. 'Agency and trust mechanisms in relational exchanges', *Journal of the Academy of Marketing Science*, **28** (1): 150-167.
- Sirdeshmukh, D., Singh, J. & Sabol, B. 2002. 'Consumer trust, value, and loyalty in relational exchanges', *Journal of Marketing*, **66**(1): 15-37.
- Sirohi, N., McLaughlin, E.W. & Wittink, D.R. 1998. 'A model of consumer perceptions and store loyalty intentions for a supermarket retailer', *Journal of Retailing*, **74**(2): 223-245.
- Sivadas, E. & Baker-Prewitt, J.L. 2000. 'An examination of the relationship between service quality, customer satisfaction, and store loyalty', *International Journal of Retail & Distribution Management*, **28**(2): 73-82.
- Steenkamp, J-B.E.M. & Baumgartner, H. 2000. 'On the use of structural equation models for marketing modelling', *International Journal of Research in Marketing*, **17**(2/3): 195-202.
- Steenkamp, J-B.E.M. & Trijp, H.C.M. 1991. 'The use of LISREL in validating marketing constructs', *International Journal of Research in Marketing*, **8**(4): 283-299.
- Stigler, G.J. & Becker, G.S. 1977. 'De gustibus non est disputandum', *American Economic Review*, **67**(2): 76-90.
- Stone, M. & Woodcock, N. 1996. 'Managing the change from marketing planning to customer relationship management', *Long Range Planning*, **29**(5): 675-683.
- Terblanche, N.S. & Boshoff, C. 2002. 'A generic instrument to measure customer satisfaction with the in-store shopping experience: Some preliminary results'. Paper presented at the 31st Annual Conference of the European Marketing Academy, Braga, Portugal.
- Tull, D.S. & Hawkins, D.I. 1993. *Marketing research: Measurement and method*. 6<sup>th</sup> Edition. New York: Macmillan.
- Uncles, M. & Laurent, G. 1997. 'Editorial', *International Journal of Research in Marketing*, **14**(5): 399-404.
- Van Herpen, E. & Pieters, R. 2000. 'The variety offered by stores'. Paper presented at the 29<sup>th</sup> Annual Conference of the European Marketing Academy, The Netherlands.
- Vásquez, R., Rodriques-del Bosque, I.A. Díaz, A.M. & Ruiz, A.V. 2001. 'Service quality in supermarket retailing: identifying critical service experiences', *Journal of Retailing and Consumer Services*, **8**(1): 1-14.
- Westbrook, R.A. 1981. 'Sources of consumer satisfaction with retail outlets', *Journal of Retailing*, **57**(Fall): 68-85.
- Wrigley, N. & Dunn, R. 1984. 'Stochastic panel-data models of urban shopping behaviour: 3.The interaction of store choice and brand choice', *Environment and Planning A*, **16**(9): 1221-1236.
- Zeithaml, V.A. 1988. 'Consumer perceptions of price, quality, and value: A means-end model and synthesis of evidence', *Journal of Marketing*, **52**(3): 2-22.
- Zeithaml, V.A., Berry, L.L. & Parasuraman, A. 1996. 'The behavioral consequences of service quality', *Journal of Marketing*, **60**(2): 31-46