

Apparel Customer Loyalty Determination using Retail Servqual and Store Reputation- A SEM Research



V.Devendranath Reddy, S.Fabiyola Kavitha

Abstract--- Customer loyalty is a buzzing word in this multifaceted business state of affairs. Deriving loyalty is not so effortless. Apparel sector is a trend oriented industry. Retail apparel sectors facing sturdy competition in the industry, however it remains healthy. The researcher wants to find out the responsible factors of apparel customer loyalty in Chennai city.

Research gap The Researcher has validated the Dabholkar et al (2000) to derive the apparel customer loyalty as a outcome variable while store reputation serves as a mediating variable. Earlier studies concentrated on validating Retail service quality model on Apparel Customer Satisfaction. Methodology Selected Retail outlets were chosen and 276 samples was obtained using mall intercept method. Structural path was constructed by the researcher using Dabholkar et al (2000). Store Reputation is the mediating variable between loyalty and RSQ constructs. Findings The researcher found strong relation between Service quality constructs and loyalty while store reputation serves as a mediation variable. However store policy is having direct relationship with loyalty intention of the apparel customer.

Keywords — Retail Service Quality, Customer Loyalty, Retail Apparel, Structural Equation Modeling.

I. INTRODUCTION

The Indian Retail sector is an emerging one, which is expected to emphasize a promising growth of 6 percent to the tune of \$865 billion in 2023. The demand for fashion accessories as there is a change in consumption basket. There may be online markets which can dominate the entire retail sector. However, there is no change in the offline retailing, since buying clothing is all about “Touch, Feel and buy”. It will take many years to change this scenario. In this research work the researcher has validated Dabholkar et al (2000) model with slight modifications for deriving apparel Customer Loyalty while Store reputation serves as a mediating variable. The researcher has incorporated the dimensions namely (a) Physical Aspects (b) Reliability (c) Empathy (d) Problem Solving (e) Store Policy (f) Store Reputation (h) Loyalty Intention. Deriving loyalty is nothing but providing a value proposition to the customers. Retail

service quality is a one which is tested to derive the loyalty which is the outcome variable in this study. In the progressively more spirited milieu faced by apparel retailers, the chase of loyalty is a dominant one. Jason M. Carpenter, Ann Fairhurst, (2005). The hunt of customer loyalty is an eternal one more of a journey than an objective. Dennis L. Duffy, (1998). It is more evidential that , customer loyalty is the most prime objective of any retail store.

II. REVIEW OF LITERATURE

The Results indicated that retailer s marketing strategy will have to consider two important segments namely Loyalty drivers and Shopping Experience Enhancers. Based on their positioning strategies retailers may effectively implement this two attributes for the betterment of the stores. **Mittal, A., & Mittal, R. (2008)**. The Research work considered “Store Loyalty” in a holistic manner by integrating dimensions like service quality, Locality, and Store image. Loyalty is viewed as the strength of the relationship between an individual’s relative thoughts and patronage intention towards the stores.. The relationship is interceded by social norms and situational factors **Majumdar, A. (2005)** Perceived value and quality of Store Brand apparel emerged to be the responsible for apparel purchase intentions. Perceived risk reduces Store Brand value and intention to purchase. However Store Image is indirectly affecting the purchase intentions, by reducing perceived risk and increasing store brand quality perceptions. **Liljander, V (2009)** The findings of the study signify that Apparel Merchandise and customers was the most important factors. The dimension named “Physical facilities” was found to be the slightest important dimension. Dissimilarity amid age and population groups was investigated. Visser (2006) The Findings of the study recommended that the store choice dimensions were found to be most dominant. Store Offering, Ambience and Convenience was found to be the drivers of apparel customer loyalty. Pradhan, S (2011) Emotional or Affective commitment and prolong or perpetual commitment was found to be the partial mediators of the service quality–Customer loyalty relationship. Emotional or affective commitment is having a optimistic association with customer loyalty while Prolong or perpetual commitment had a detrimental effect on customer loyalty. Fullerton, G. (2005).

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* Correspondence Author

V.Devendranath Reddy*, Research Scholar, Department of Management Studies, Bharath Institute of Higher Education and Research, Chennai. (E-mail: devendranathreddyv@gmail.com)

Dr.S.Fabiyola Kavitha, Associate Professor, SRM Arts and Science College, Trichy.

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III. METHODOLOGY & RESULTS

The Researcher collected 276 samples from using Mall Intercept method in the selected apparel stores of Chennai city. The Following dimensions namely (a) Physical Aspects (b) Reliability (c) Empathy (d) Problem Solving (e) Store Policy (f) Store Reputation (h) Loyalty Intention was incorporated in the study with the total of 28 variables. The Variables was used in the study based on the validated model of Dabholkar (2000) with slight additions and modifications. In this study Store, reputation was a intermediating variable by connecting Service Quality dimensions and apparel customer loyalty. Data analysis and interpretation was done using SPSS and AMOS packages. Descriptive Statistics, Multiple regression ,Pearson Correlation and Structural Equation Modeling was the tools used.

IV. RESEARCH QUESTIONS

Does Retail Service Quality Dimensions have a positive impact on Customer Loyalty Intention?

How Store Reputation is intermediating the Service Quality Dimensions and loyalty (outcome)?

HYPOTHESIS

H1 : Physical Aspects is having a positive impact on Customer Loyalty Intention

H2: Reliability is having a positive impact on Customer Loyalty Intention

H3: Empathy is having a positive impact on Customer Loyalty Intention

H4: Problem Solving is having a positive impact on Customer Loyalty Intention

H5: Store Policy is having a positive impact on Customer Loyalty Intention

H6 : Store Reputation is having a positive impact on Customer Loyalty Intention

TABLE 1 – RELIABILITY STATISTICS

CONSTRUCTS	CRONBACHE ALPHA	NO OF ITEMS
PHYSICAL ASPECTS	0.913	7
RELIABILITY	0.772	4
EMPATHY	0.867	3
PROBLEMSOLVING	0.839	3
STOREPOLICY	0.704	2
STOREREPUTATION	0.885	4
LOYALTY INTENTION	0.893	5

The Cronbache alpha coefficient for the seven dimensions is shown here. The Coefficient value of 0.70 or higher is considered to have satisfactory internal consistency. (See Table 1)

TABLE 2 DESCRIPTIVE STATISTICS

Descriptive Statistics	PHYSICAL ASPECTS	RELIABILITY	EMPATHY	PROBLEMSOLVING	STOREPOLICY	STOREREPUTATION	LOYALTY INTENTION
Mean	19.5652	12.7174	9.3188	9.9348	6.6486	11.0217	13.558
Std. Deviation	7.90347	3.99361	2.85399	2.85964	2.3931	3.92932	5.55438
Variance	62.465	15.949	8.145	8.178	5.727	15.44	30.851
Skewness	-0.019	-0.11	-0.339	-0.245	-0.379	0.486	0.547
Kurtosis	-1.121	-1.166	-0.884	-0.78	-1.342	-1.253	-1.06

The High mean value was observed for the dimension “Physical Aspects” (19.652). The values of skewness and kurtosis obtained between -1 and +1 shows normal univariate distribution for all the dimensions (See table 2)

STRUCTURAL EQUATION MODELING

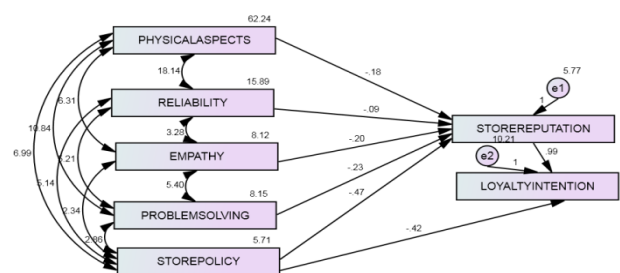


Fig 1



TABLE 3 – MODEL FIT SUMMARY

Model	Chi-square	GFI	AGFI	RMSEA
Derived model	0.000	0.927	0.970	0.077
Suggested value	Acceptable fit	0.8-0.9	0.8-0.9	Less than 0.08

TABLE 4 REGRESSION WEIGHTS

		Estimate	S.E.	C.R.	P
STOREREPUTATION	<--- PHYSICALASPECTS	-.178	.024	-7.534	***
STOREREPUTATION	<--- RELIABILITY	-.090	.050	-1.806	.071
STOREREPUTATION	<--- EMPATHY	-.201	.069	-2.931	.003
STOREREPUTATION	<--- PROBLEMSOLVING	-.233	.076	-3.060	.002
STOREREPUTATION	<--- STOREPOLICY	-.474	.075	-6.349	***
LOYALTYINTENTION	<--- STOREREPUTATION	.986	.061	16.179	***
LOYALTYINTENTION	<--- STOREPOLICY	-.417	.100	-4.166	***

Regression Weight for the unstandardized maximum likelihood estimates of structural equation modeling was shown (See Table 4) The parameter estimate is significant at $p < 0.05$ is observed for the dimensions “ Physical

Aspects” ,”Empathy” , “Problem Solving” ,”Store policy”, “Store reputation” . The dimension named “ Reliability” is not significant ($p > 0.05$). and value of C.R is > 1.96 .

TABLE 5 MULTIPLE REGRESSION-COEFFICIENTS

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	10.023	1.74		5.759	0.000
PHYSICALASPECTS	-0.102	0.03	-0.145	-3.425	0.001
RELIABILITY	-0.214	0.057	-0.154	-3.724	0.000
EMPATHY	0.54	0.08	0.277	6.77	0.000
PROBLEMSOLVING	-0.347	0.089	-0.179	-3.912	0.000
STOREPOLICY	-0.327	0.091	-0.141	-3.569	0.000
STOREREPUTATION	0.802	0.069	0.567	11.605	0.000
a. Dependent Variable: LOYALTY INTENTION				R SQUARE .759	

The Coefficient of Physical aspects is -0.102 which is significant ($p = 0.001 < 0.005$). The observed coefficient of Reliability is -0.214 ,Empathy is 0.54 , Problems solving -0.347 , Store policy -0.327 and Store Reputation is 0.802. The Highest beta value was observed for “Store

reputation” which is 0.567. The obtained R square value is 0.759. This value indicates the total variation in the dependent variable. 76% of Loyalty intention can be explained. (See table 5)

TABLE 4 PEARSON CORRELATION

	PHYSICALASPECTS	RELIABILITY	EMPATHY	PROBLEMSOLVING	STOREPOLICY	STOREREPUTATION	LOYALTYINTENTION	HYPOTHESIS
PHYSICALASPECTS	1							
RELIABILITY	.577**	1						H1

EMPATHY	.281**	.289**	1				H 2
PROBLEMSOLVING	.481**	.458**	.664**	1			H 3
STOREPOLICY	.371**	.540**	.344**	.420**	1		H 4
STOREREPUTATION	.640**	.573**	.485**	.602**	.592**	1	H 5
LOYALTYINTENTION	.657**	.640**	.250**	.535**	.593**	.804* *	H 6

** Correlation is significant at the 0.01 level (2-tailed).

The Pearson correlation coefficient between all the constructs is said to have significant relationship. The Correlation coefficient between “Store reputation and Loyalty Intention is 0.804 which is significant (P<0.000). However there exists negative correlation between certain variables. (See Table 6)

V. MANAGERIAL IMPLICATIONS AND CONCLUSION

The Researcher evidentially proved that there is an association between variables and all the hypothesis was accepted which can be observed from the statistical tables. However, there exists a negative correlation between certain variables. The Researcher has found a strong positive correlation between Store reputation and Loyalty intention of the customer. This relationship can be observed from the pearson correlation coefficient value and the results of multiple regression. Even though “Store reputation “was the intermediating variable there exists a direct relationship between store reputation and loyalty intention (Source: Structural Equation Modeling). As per the study Physical aspects was found to be the most dominating variable and Store policy is the least important variable.(Source-Descriptive Statistics). The Strength of any offline apparel retailer is “Ambiance”. Marketers need to concentrate to set a positive vibe inside the store, which should induce the customer to buy impulsively. Customer loyalty is not so easy. All online retailers are waiting to put an end to “offline retailing”. Than ambiance, “Promotion” are more important. Policy makers should be intentional in that. However this paper does not have any variable related to “Promotions and discounts”. The Researcher wants pave a new scope for further research in this arena. A Strong multicollinearity was observed between the dimensions of Retail service quality which shows the inter-reliant of the constructs.

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