

Store Attribute Factors Inducing Customer Loyalty in the Context of Apparel Retailers



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Abstract: The aim of this paper is to explore elements and variables of store attributes impelling customer loyalty. This study uses loyalty program members from apparel stores. Initially the variables were explored through literature and interview with retailers. In the second step, exploratory factor analysis was used to identify factors of store attributes. Multiple regression test the significant effect of extracted factors on customer loyalty intentions. It was evident from the result that, interpersonal communication fail to induce loyalty among members of loyalty program. In future the study would be carried out in different stores.

Key words: Store attribute, interpersonal communication, loyalty intention, apparel.

I. INTRODUCTION

The concept of store attributes covers retail information or background which arouse due to willingness to buy and which include product, service and collection qualities (Kotler, 1973-74). Further, the store characteristics/attributes are interesting for self-perception of buyers and its influence on in-store happiness and intents of support. The consumers happy with service superiority were possible to become and stay loyal (Wong and Sohal, 2003).

Hedrick et al (2005) it was projected that the store background and the outlet atmospherics may sway shopper's opportunities on the store vendor. The research piloted on sales persons and store setting, have found that shoppers insights of a vendor's characteristics and affiliation building conducts' were a significant carters of buyer happiness.

The research proves that the store image basically refers to a collection of concrete and elusive aspects that shoppers think to be present in store outlets (Lindquist; 1974). Further it was found that in selecting a store outlet the shoppers use store appearance as a norm before deciding to buy (Varley, 2005). The store characteristics denotes aspects like merchandise, tangible amenities, facilities, and atmospherics and so on of store image as a primary construct. The term loyalty covers the aspects such as repeat purchasing, and the tendency of buying with a same vendor (Dick and Basu, 1994). The term loyalty program refers to merchant's effort to enhance attitudinal and behavioural obligation to sellers offering (Sharp and Sharp, 1997).

The previous researchers noticed that, in case of department stores the characteristics like post-transaction service, e- mail, personal communication, merchandise, privileged treatment and retail atmosphere were most relevant.

A. Objective

To test the degree to what extent the factors related to store attributes are predicting the customer loyalty in organized apparel retailers.

II. METHODOLOGY

For exploratory part of this study, the qualitative research approach followed by quantitative approach was used. In order to devise hypotheses and to recognize variables, qualitative research approach was used. Unstructured interview with members of loyalty program and store managers assisted to explore their perception about store attributes, loyalty program benefits and loyalty. Unstructured interview was conducted with 20 loyalty program members and two store managers, which facilitated in gathering diverse viewpoints on the concepts i.e., store attributes, loyalty program and customer loyalty intentions. This was conducted in Gulbarga which includes Peter England and Levi's store. The structured questionnaire was developed after identifying variables through literature review and interview method. And the pilot study was carried out among 30 members of loyalty program at Peter England and Levi's store to finalize the questionnaire. Only those members who are associated with the store at least for a year were selected, since this is considered to be a satisfactorily long period whereby withdrawing from the program is due to frustration or disappointed. Besides, a year time was considered to be a satisfactory to view members as qualified loyalty program members, a feature that signifies the validation of data (Morais et al., 2004). The ideas discovered in this exploratory study are an input to the descriptive research to test hypotheses and to examine relationships.

B. Questionnaire

A total of seventeen items measures store attributes which consists of store environment, merchandise, interpersonal communication, preferential treatment and post transaction service. The remaining five items are measuring loyalty (purchase intensity & resistance to counter persuasion) covering loyalty program concept.

Section B includes seven questions intended to collect demographic details about the respondents. The demographic details cover name, age, gender, educational qualification, occupation, income and period of membership.

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Store Attribute Factors Inducing Customer Loyalty in the Context of Apparel Retailers

For descriptive part of the study survey was conducted among six retailers (three retail companies) which include Levi's, Basics Life store's at Gulbarga and Peter England store's at Gulbarga, Bidar, Raichur and Bellary of Karnataka. A total of 540 samples were collected using self-administered survey method.

The survey of apparel retailers in these districts shown two things firstly, there are no studies has been carried out considering store attributes effect on loyalty and secondly, organized apparel retailing is at a growing stage in this region.

Therefore, the members of apparel retailers in select districts of the region have been chosen as population for this study. In this present study, six apparel of were selected based on the criteria of: the loyalty program for last two years as on June 2019, and having members more than 500 from different districts in this region. The rationale behind choosing those apparel retailers who have completed minimum two years is that such retailers have well established loyalty program and have convinced to all those members enough about the loyalty program and its benefits. The apparel store include PE, Levi's and Basics Life store located at Gulbarga. And Peter England's retail outlet at three different districts i.e. Bellary, Raichur and Bidar.

C. Sampling

But in order to maintain business confidentiality, the retailers were averse to provide the list. Hence, in absence of the sample frame Non probability method of sampling i.e. purposive sampling was used. "Five subjects for one variable" was used for deciding the total sum of themes for the model of the exploratory factor study according to Hair et al. (2006). since there are 48 variables acknowledged for this study, the best sample size will be 240 (48*5). The present sample is 540, which exceeds this requirement.

The member of a loyalty program is the sampling unit for this study. The member is one who has registered for retailer's loyalty program and renewing membership as per rules of the store. And only those members who has competed a year's membership were selected as these members have understood the operation and benefits of loyalty program. Questionnaire was administered on all week days to ensure the heterogeneity of samples. Initially store managers had suggested to collect data from respondents after purchase process is over to avoid inconvenience to members. So, only those members who are willing to fill the questionnaire were given the questionnaire to get the valid response. Before administering the questionnaire, each member was briefed about the purpose of this study to avoid biasness. A total of 540 valid questionnaires were obtained out of 615 questionnaires administered to collect data. The respondents for this study are members of loyalty program at organized apparel retailers who have completed at least one year of membership. It is rationale for choosing members who have completed more than a year, because they had better understanding about store attribute and loyalty (membership) program benefits.

III. DATA ANALYSIS AND RESULTS

Multivariate data analysis techniques were used for analysis of collected data by using MS Excel, Statistical Package for Social Sciences (SPSS-20) and Analysis of Moment Structures (AMOS-18). The sample includes 195

from Peter England, Gulbarga; Basics Life, Gulbarga-54; Levi's Gulbarga-18; Peter England, Bidar-88; Peter England, Raichur-71; and Peter England, Bellary includes 114. From the descriptive statistics it was noticed that the 43.5 percent of the members surveyed were having membership period of 3-4 years, 34.3 percent were of 1-2 years and only 22.2 percent were having membership period more than 4 years.

Multiple regression is an arithmetical practise that instantaneously develops a scientific relationship amid two or more independent items and an interval-scaled dependent variable. It was used to test the relationship between the factors which measure the loyalty. Extracted factors were considered as independent variables and loyalty as dependent variable for the regression model. R square measures the strength of association between dependent and independent variables and does not imitate the extent to which any particular variable is associated with the dependent variable. Adjusted R square factor of multiple purposes is adjusted for the number of independent items and the sample size to express for shrinking returns.

The five extracted factors of store attributes are: *Store Environment, Interpersonal Communication, Merchandise, Preferential Treatment and Post Transaction Service.*

Multiple regression was used to regulate the total effect of five factors on loyalty intention i.e., how well the five dimensions predicted loyalty and to measure the comparative importance of the each dimensions. The five factors were considered as the independent variables and the loyalty as dependent variable. The summated scales of each component were designed by averaging all values of scale items with in the precise factors (Hair et al., 2006).

Table 1 Model Summary: Effect of Five Store Attribute Factors on Customer Loyalty

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate	Durbin-Watson
1	.546	.298	.292	4.11133	1.560

a. Predictors: (Constant), PTS, PT, ME, IC, SE

b. Dependent Variable: LOY

A multiple regression analysis was used to test the hypotheses from H1 to H5. Table 1 outlines the model summary of the regression analysis where the dependent variable was loyalty measured by both behavioural and attitudinal loyalty on a scale ranging from 1=worst to 5=excellent. It was found that the coefficient of determination "R" is fair enough. It was observed that, the adjusted R square was 0.292 (p<0.001) yielding five factors contributing significantly towards explaining the variance of customer loyalty. The Durbin-Watson value=1.560 strengthens the model and indicates that the independent variables can decide the level of customer loyalty towards organized apparel retailers.

Table 2 ANOVA: Effect of Five Factors on Customer Loyalty

Statistics	Sum of Squares	df	Mean Square	F	Sig.
Regression	3838.020	5	767.604	45.412	.000
Residual	9026.223	534	16.903		
Total	12864.243	539			

a. Predictors: (Constant), PTS, PT, ME, IC, SE

b. Dependent Variable: LOY

The Table 2 shows that the model is statistically significant. The significant value is less than the defined “p value 0.05” that validates the whole model.

The regression coefficients of five independent variables explaining the dependent variable were shown in the below Table 3. From the collinearity statistics it was observed that no collinearity exists between the independent variables in the model. The tolerance values are more than 0.2 and the VIF values are less than 5. Except “Interpersonal communication” all other independent variables have a statistically significant effect on the assessment of customer

loyalty.

Table 3 Regression Coefficients: Effect of Five Factors on Customer Loyalty

Independent variables	Unstandardized Coefficients		Standardized Coefficients	t statistics	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	6.777	.741		9.148	.000		
SE	.236	.047	.213	5.070	.000	.744	1.345
ME	.109	.045	.100	2.438	.015	.783	1.278
IC	.067	.057	.049	1.173	.241	.756	1.322
PT	.287	.076	.151	3.772	.000	.820	1.219
PTS	.387	.056	.273	6.859	.000	.829	1.207

Based on the standardized coefficient values, the Table 4 shows the rank order of the independent variables. Post transaction service and store environment were found to be most important factors of customer loyalty in the context of organized apparel retailers followed by preferential treatment and merchandise.

Table 4: Relative importance of the Factors

Factor	Standardized Coefficient	Rank
Post Transaction Service	0.273	1
Store Environment	0.213	2
Preferential Treatment	0.151	3
Merchandise	0.100	4

Table 5: Results of Hypotheses Testing for Store Attributes

Hypothesis	Standardized Coefficient	P Value	Testing of Hypothesis
H1:Store environment has a significant effect on customer loyalty	0.213	0.000	Accepted
H2:Merchandise has a significant effect on customer loyalty	0.100	0.015	Accepted

Store Attribute Factors Inducing Customer Loyalty in the Context of Apparel Retailers

H3:Interpersonal communication has a significant effect on customer loyalty	0.049	0.241	<u>Rejected</u>
H4:Preferential treatment has a significant effect on customer loyalty	0.151	0.000	Accepted
H5:Post transaction service has a significant effect on customer loyalty	0.273	0.000	Accepted

D. Results of Hypotheses Testing

The hypothesized relationships are detailed below.

Hypothesis 1: Store environment has a significant effect on customer loyalty

The results shown in the Table 5 indicate that the variable store environment has a statistically significant effect on loyalty with positive standardized coefficient value 0.213. Hence, the hypothesis that store environment significantly affects the loyalty is supported.

Hypothesis 2: Merchandise has a significant effect on customer loyalty

The results indicate that the variable merchandise has positive standardized coefficient value of 0.100. Hence, the hypothesis that merchandise significantly influences the customer loyalty is supported.

Hypothesis 3: Interpersonal communication has a significant effect on customer loyalty

The results of regression analysis show that interpersonal communication between member and retailer has no significant effect on loyalty. Hence, the hypothesis that interpersonal communication significantly affects the loyalty is not supported.

Hypothesis 4: Preferential treatment has a significant effect on customer loyalty

From the Table 5 it was found that the variable preferential treatment is positively influencing the loyalty with standardized coefficient value 0.151. Therefore, the hypothesis that preferential treatment affects the loyalty is accepted.

Hypothesis 5: Post transaction service has a significant effect on customer loyalty

The findings from regression analysis revealed in the table 5 specify that the variable post transaction service is positively predicting the loyalty with standardized coefficient value of 0.273. And hence the hypothesis is accepted.

IV. DISCUSSION

Multiple regressions were employed to assess the relationship between one dependent variable and several independent variables. It was intended to predict the customer loyalty intention based on factors such as store environment, merchandise, interpersonal communication, preferential treatment and post transaction service in order to test the hypotheses. It was intended to identify the factors based on the prediction level of customer loyalty. It was found that Post transaction service, Store environment

factors have high influence on Customer loyalty intention, followed by Preferential treatment and Merchandise factors.

The results of multiple regressions prove that all the store attribute factors except interpersonal communication were significantly predicting the overall customer loyalty in organized apparel retailers. Except for hypothesis i.e., Interpersonal communication has significant effect on customer loyalty (H3) all other hypotheses were accepted. It is essential for retail companies to plan their investments in important store attributes. The finding reveals that in the context of apparel retailers, store managers can enhance loyalty intentions with key customers by ensuring proper implementation of their offerings with regard to store attributes. It was important to note that, interpersonal communication fail to induce loyalty. The reason could be the members think it as a customary on the part of store personnel to inform about products, new arrivals, and discounts, any other store related information. It was evident that, retailers need to carefully manage the communication as a channel to build loyalty in the long run.

V. CONCLUSION

The exploratory factor analysis rose in five factors explaining store attributes i.e. store environment, merchandise, interpersonal communication, preferential treatment, post transaction service and four factors in case of perceived benefits of loyalty program i.e. economy, convenience, recognition-social relationship and information. Multiple regression analysis employed to test the hypotheses about the significant effect of extracted factors on customer loyalty. The test proved that all the factors (Store attributes) have significant effect on customer loyalty except interpersonal communication.

The finding reveals that in the context of apparel retailers, store managers can enhance loyalty with key customers by ensuring proper implementation of their offerings with regard to store attributes. It was important to note that, interpersonal communication is able to build relationship with members but fail to induce loyalty. The reason could be the members think it as a customary on the part of store personnel to inform about products, new arrivals, and discounts, any other store related information. In future the research may be carried out in different retail context other than apparel stores.

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AUTHORS PROFILE



Dr. Santosh Kumar Alreddy has obtained Ph.D. from Central University of Karnataka in Management. He has presented research papers in national and international conferences. His areas of research interest includes retailing, consumer behavior and brand management.

The publications include the following articles.

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