The Impact of Consumer Confidence and Store Attributes on Store Satisfaction and Store Loyalty

Ayesha Tariq*, Afza Afzal and Mehwish Fiaz
National Textiel University, Faisalabad, Pakistan

Abstract

For retail managers it is being to understand the relationships between customers’ store attribute, store satisfaction, consumer confidence, and store loyalty as well as how these relationships change over time. In this study relationships have been investigated by using survey technique. A questionnaire developed to check consumer’s point of view about different stores in Faisalabad market. Result of our findings indicate that consumer confidence and store satisfaction have no relationship whereas store satisfaction did not play a role of mediator in between consumer confidence and store loyalty. Instead, our study shows that the relationship between services attributes and store satisfaction is stronger and positive in periods with low consumer confidence.

Keywords: Consumer confidence; Store attributes; Store satisfaction; Store loyalty

Introduction

Consumers can be changes frequently as more and more new thing becomes available in the market. As will be demonstrated in later available examples, a single negative incident can be destroyed a long-standing relationship because there are multiple outstanding alternatives in today’s competitive market. While every business have some risk offending customers with imperfect transactions, but they can still build meaningful relationships with them. Loyalty programs developed to reward customers (and businesses) for maintaining such a relationship by providing them clear incentives. However, successful loyalty programs can also become a reason to enhance the frequency of customer visits and volume of purchases, whereas strengthening the connection. Marketing academics noted the effect of store attribute evaluations on store performance [1]. Retail managers would use information about these relationships so that they can allocate their resources across stores (that can based on their specific attributes) in order to improve store satisfaction and ultimately store sales [2]. E.g., talking about store scores and if scores of a store would be low on “service quality,” then the manager may be invest in employee satisfaction and training, then hire additional workers to increase efficiency, or might be extend opening hours of store for improving the consumer’s perceived service level and store sales. However, many retailers have been develop different customer satisfaction (CS) management programs with which they routinely collect information about how customers evaluates the store attributes and check their overall satisfaction across stores and changes that occur over time.

While considering Satisfaction it has often been regarded as an example of the store loyalty, but Store satisfaction can be defined as; “the outcome of the subjective evaluation that the chosen alternative (the store) meets or exceeds expectations.” This definition would been used within the conceptualizations tradition being related satisfaction that are used in the product literature. The basis for this definition forms the disconfirmation model [3]. According to this model, it is believed that satisfaction can occur by matching the expectations and perceived performance. In one case if a consumer makes this comparison, then he or she can explained this on the evaluation of a store. For doing this phenomena or comparison, a consumer must both have the motivation and the ability to evaluate the store relative to the reference point. In fact, if it is observed then in some cases it might be very hard for consumers to generate their expectations for evaluating store performance and then to compare the expectations and performance, if they were independent elements. Furthermore, to the extent of consumer comparison, an explicit comparison can made between expectations and performance, so that the consumer is likely to be aware of the outcome of this evaluation.

Literature Review

In case of a retail manager it is difficult task to understand the relationship between customer store attributes, consumer confidence, satisfaction level, store loyalty and how these relationship changes over the period of time [4]. Possible changes may also occur from changing economic conditions (such as business cycles) over time. In literature of marketing and retailing studies have considered how the business cycle affects advertising spending, marketing mix effectiveness and private label market shares [5]. Confidence in store attributes refers to trust is associated with store products and brands. Store satisfaction or store image is basically defined as “consumer’s overall attitude toward the store, it might base upon the perceptions of store attributes and consumer confidence” [6].

According to the behavioral term loyalty can be examined through consumer repeat purchase behavior [7]. In case of retailing as the competition increases, retailers are also involve in differentiating their retail offerings. Addition analysis shows that music and aroma in stores increases in pleasure level of consumers. Both music and aroma are two emotional factors that influence consumer emotions as well as shopping behaviors. Store characteristics have multiple impacts on customer’s mood, on their satisfaction level and purchasing behavior. Store attributes have contain two factors such as a cost-related factor (the monetary and nonmonetary aspects that what the consumers give and what they get in return) and a value-related factor (what a

*Corresponding author: Ayesha Tariq, National Textiel University, Faisalabad, Pakistan, Tel: +92 41 9230090; E-mail: ayesha.tariq40@yahoo.com

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consumer gets from an exchange). Store attribute perceptions have been found to be related to the key measures of retail success such as store patronage, store loyalty and SOW [8].

By doing review of the literature it would concluded that the drivers of retail store image can be further divided into a few key attributes such as - price, assortment, product quality that would deals, in-store service and social experience, and convenience of location [9]. Research has been shown that consumers are also vary in the value that they place on other store attributes for example; how much they are willing to engage in price search. Consumer satisfaction or dissatisfaction occurs when a consumer have a contact with an employee of a company.

Research indicates that consumer satisfaction is completely defined by the extent with which a consumer is satisfied with overall store services such as it is measured by staff availability in store, friendliness of staff, decoration in store, presentation of goods, cleanliness in store, quality of goods keeping in store, richness of choice, waiting time for checkout, payment methods, price labeling of all goods, special offers and sales on products, shopping hours, layout of prices and shelf/rack. It there for is assumed that store satisfaction is the result of a multi-attribute model [10], in multi-attribute model individual store attributes are evaluated and at the end store image built which is the weighted combination of these evaluations [11].

Slotegraaf and Inman [12] said that the effect of satisfaction with resolvable attributes on achieved product quality would be increased toward the end of a product’s warranty period, while satisfaction with irresolvable attributes weakens over time period. therefore, more research is needed to fully understand the cause’s that becomes a reason for changes in attribute weights over time.

Loyalty programs becomes a reason for different types of switching barriers, including economical barrier, in which customers; if they change product or service suppliers loss advantages, and psychological, sociological, and relational barriers; that enhance customers’ commitment with the organization and trust in the organization, which strengthens the loyalty program effects beyond those of the economic aspects. Nako and Bolton et al. stated the impacts on customer purchasing and refusal to counter persuasion. Lewis provides a positive impact for some specific online grocery retailer’s loyalty programs, whereas Taylor and Neslin indicate that reward programs might increase sales through two mechanisms that is: “point’s pressure mechanism” and “rewarded behavior mechanism.” Furthermore the point’s pressure mechanism is the short-term impact, because customers increase their purchase rate for earning more and more rewards, secondly the rewarded behavior mechanism have a long-term impact, because customers increase their purchase rate after they have received the reward (Figure 1).

Relationship between variables (theoretical foundation)

Relationship between consumer confidence and store satisfaction: In fact, Fornell, Rust and Dekimpe report a zero correlation between changes in customer satisfaction and changes in CC. Consumer confidence has mainly been related to consumer spending. The effect of consumer confidence on customer satisfaction has been studied and the hypothesis is rejected due to insignificant results.

H1: There is a relationship between Consumer Confidence and Store Satisfaction.

H0: There is no relationship between Consumer Confidence and Store Satisfaction.

H2: There is a relationship between Consumer Confidence and Store Loyalty.

H0: There is no relationship between Consumer Confidence and Store Loyalty.

H3 Store Satisfaction mediates the relationship between Consumer Confidence and Store Loyalty.

H0: Store Satisfaction does not mediate the relationship between Consumer Confidence and Store Loyalty.

H4: There is a relationship between Store Attributes and Store Satisfaction.

H0: There is no relationship between Store Attributes and Store Satisfaction.

H5: There is a relationship between Store Attributes and Store Loyalty.

H0: There is no relationship between Store Attributes and Store Loyalty.

H6: Store Satisfaction mediates the relationship between Store Attributes and Store Loyalty.

H0: Store Satisfaction does not mediate the relationship between Store Attributes and Store Loyalty.

H7: There is a relationship between Store Satisfaction and Store Loyalty.

H0: There is no relationship between Store Satisfaction and Store Loyalty.

Development of Hypotheses

H1: There is a relationship between Consumer Confidence and Store Satisfaction.

H0: There is no relationship between Consumer Confidence and Store Satisfaction.

H2: There is a relationship between Consumer Confidence and Store Loyalty.

H0: There is no relationship between Consumer Confidence and Store Loyalty.

H3: Store Satisfaction mediates the relationship between Consumer Confidence and Store Loyalty.

H0: Store Satisfaction does not mediate the relationship between Consumer Confidence and Store Loyalty.

H4: There is a relationship between Store Attributes and Store Satisfaction.

H0: There is no relationship between Store Attributes and Store Satisfaction.

H5: There is a relationship between Store Attributes and Store Loyalty.

H0: There is no relationship between Store Attributes and Store Loyalty.

H6: Store Satisfaction mediates the relationship between Store Attributes and Store Loyalty.

H0: Store Satisfaction does not mediate the relationship between Store Attributes and Store Loyalty.

H7: There is a relationship between Store Satisfaction and Store Loyalty.

H0: There is no relationship between Store Satisfaction and Store Loyalty.

Independent Variable          Mediator                      Dependent Variable

<table>
<thead>
<tr>
<th>Consumer Confidence</th>
<th>Store Satisfaction</th>
<th>Store Loyalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Store Attributes</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 1: Framework.
Relationship between consumer confidence and store loyalty:
This study do not show a main effect of consumer confidence on loyalty intentions. Our research contrasts with those of Ou et al., who show that consumer confidence lowers the impact of value equity on customer loyalty intentions.

H2: There is a relationship between Consumer Confidence and Store Loyalty.

Store satisfaction mediates the relationship between consumer confidence and store loyalty: We are mainly interested in whether the effect of satisfaction on loyalty might get stronger or weaker when consumer confidence decreases. This could imply that in times of lower confidence, consumers at least become less loyal to service-oriented stores.

H3: Store Satisfaction mediates the relationship between Consumer Confidence and Store Loyalty.

Relationship between store attributes and store satisfaction: Generally better attribute evaluations contribute positively to store satisfaction [9]. Commonly Store satisfaction is defined as “the overall attitude toward the store, based upon the perceptions of relevant store attributes” [6]. It is assumed that store satisfaction is the result of a multi-attribute model in which individual store attributes are evaluated [10]. As a result, the weight of the Store attributes in the satisfaction judgment may increase [13]. Customer satisfaction positively relates to the three store attributes.

H4: There is a relationship between Store Attributes and Store Satisfaction.

Relationship between store attributes and store loyalty: Store attribute perceptions have been found to be related to key measures of retail success such as store patronage and store loyalty [8].

H5: There is a relationship between Store Attributes and Store Loyalty.

Store satisfaction mediates the relationship between store attributes and store loyalty: The Service-Profit Chain [14] and related studies [13] suggest that these relationships are mediated by store satisfaction. Most studies have investigated the links between store attribute evaluations, overall satisfaction, and store loyalty at the individual level by relying on cross-sectional data. They studied direct and indirect effects of store attributes to check the effect of overall satisfaction with the store [9].

H6: Store Satisfaction mediates the relationship between Store Attributes and Store Loyalty.

Relationship between store satisfaction and store loyalty: Satisfaction is a commonly cited antecedent to loyalty. In support of this hypothesis, the study found that store satisfaction was positively related to store loyalty, thereby confirming the meaningful role of satisfaction as a precursor to loyalty [15]. This finding is consistent with that of Reynolds and Arnold who also identified a positive relationship between satisfaction and loyalty.

H7: There is a relationship between Store Satisfaction and Store Loyalty.

Measure: We distributed questionnaires. Variables were measured by Likert scale. Three variables Store Attributes, Store Satisfaction and Store Loyalty are measured by seven-point Likert scale where one was “strongly disagree” and seven was “strongly agree”. Forth variables “Consumer Confidence” is measured by five-point Likert scale where one was “it will get a lot Better” and fifth was “It will get a lot worse”.

Store attributes: Store Attributes scale was measured by seven-point Likert scale used by Auke Hunneman, Peter C. Verhoef, Laurens M. Sloot [4]. It consists of 17 questions (Appendix).

It contains three factors, first one is “price” referring to low prices, attractive offers, and the supply of cheap products. Second “service” in a broad sense, including friendly and knowledgeable personnel, the quality and variety of the products, fast checkout, long opening hours, parking space availability, and the tidiness of the store. And third “convenience,” pertaining to the presence of other stores nearby and the travel distance to the stores.

Consumer confidence: Consumer Confidence was also measured by five-point likert scale by Auke Hunneman, Peter C. Verhoef, Laurens M. Sloot [4]. Consumer Confidence variable consists of 5 questions. And scale consist of five points (1) It has … got a lot better, (2) got a little better, (3) stayed the same, (4) got a little worse, (5) got a lot worse.

Store satisfaction: It contains 17 questions. In terms of the store satisfaction scale, respondents were required to rate the extent to which they agreed that they were satisfied with the dimensions of the store offer on the previously described seven-point Likert scale. Store Satisfaction seven-point Likert scale used by Kerrie Bridson, Jody Evans, Melissa Hickman [16]. Scale consist of seven-point including (1) ‘strongly disagree’ to (7) ‘strongly agree’.

Store loyalty: Store Loyalty seven-point Likert scale used by Kerrie Bridson, Jody Evans, Melissa Hickman [16-20]. Overall, the store loyalty construct was operationalized with three components (Behavior, Word-of-Mouth and Commitment) and this scale is also consist of seven-point including (1) ‘strongly disagree’ to (7) ‘strongly agree’. It contains 16 questions [21-24].

Methodology

Sample and procedure

This study is quantitative. The sample of this research has been selected from city of Faisalabad. 215 questionnaires were distributed. Questionnaires were distributed to customers of stores. They all had experience of buying as they buy more often from these stores. Total 200 questionnaires returned back. So, the feedback rate is 93. The sampling technique used is convenient sampling. Respondents were both men and women. The respondents are divided into five group with their income level of (21,000 to 40,000), 35 with (41,000 to 50,000), 44 with (51,000 to 60,000), 43 with (61000 to 70000) and remaining 54 with (71 and above).

Age group: 148 respondents belong to “21 to 30” age group, 20 respondents belong to “51 to 40” age group and remaining 32 lie in “41 to 50” age group.

Gender: There were 92 male and 108 female.

The qualification of respondents is as follows (education) 50 M.Phil, 71 master, 52 bachelor, 10 Ph.D. and remaining 17 were intermediate.

Income level: 24 respondents were with their income level of (21,000 to 40,000), 35 with (41,000 to 50,000), 44 with (51,000 to 60,000), 43 with (61000 to 70000) and remaining 54 with (71 and above).
Analysis

Reliability test: Cronbach Alpha coefficient was conducted for checking reliability and internal consistency of measure. Cronbach Alpha is a measure of reliability that ranges from 0 to 1 with values .60 to .70 considered the lower limit of acceptability. Cronbach’s Alpha value should be .7 and above. It means that what we want to ask from respondent, respondents are answering according to that (Table 1).

The results of Cronbach alpha included four variables calculated using Likert scale. It shows the reliability of data and number of items in each variable scale. The reliability analysis shows that reliability of Consumer Confidence scale is .886, reliability of Store Attribute scale is .739, reliability of Store Satisfaction scale is .946 and the reliability of Store loyalty scale is .910 which is very good and acceptable.

Pearson Correlation (Table 2)

The correlation between Store Satisfaction and Store Loyalty is .697 which indicates that it is very strong and positive relation.

The correlation between Store Satisfaction and Store Attributes is .639 which indicates that it is a very strong and positive relationship.

The correlation between Store Satisfaction and Consumer Confidence is -.053 while insignificance occur which shows that this hypothesis is rejected.

The correlation between Store Loyalty and Store Attributes is .641 which is very strong positive relationship.

The correlation between Store Loyalty and Consumer Confidence is -.037 while insignificance occur which shows that this hypothesis is rejected.

The correlation between Store Loyalty and Store Satisfaction is .639 which indicates that it is a very strong and positive relation.

Table 1: Reliability Test.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach’s alpha</th>
<th>No. of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Confidence</td>
<td>0.886</td>
<td>5</td>
</tr>
<tr>
<td>Store Attribute</td>
<td>0.739</td>
<td>17</td>
</tr>
<tr>
<td>Store Satisfaction</td>
<td>0.946</td>
<td>17</td>
</tr>
<tr>
<td>Store Loyalty</td>
<td>0.910</td>
<td>16</td>
</tr>
</tbody>
</table>

Table 2: Pearson Correlation.

<table>
<thead>
<tr>
<th>Correlations</th>
<th>MEAN.SS</th>
<th>MEAN.SL</th>
<th>MEAN.SA</th>
<th>MEAN.CC</th>
</tr>
</thead>
<tbody>
<tr>
<td>MEAN.SS</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>0.697**</td>
<td>0.639**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.457</td>
</tr>
<tr>
<td>N</td>
<td>200</td>
<td>199</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>MEAN.SL</td>
<td>Pearson Correlation</td>
<td>0.697**</td>
<td>1</td>
<td>0.641**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.804</td>
</tr>
<tr>
<td>N</td>
<td>199</td>
<td>199</td>
<td>199</td>
<td>199</td>
</tr>
<tr>
<td>MEAN.SA</td>
<td>Pearson Correlation</td>
<td>0.639**</td>
<td>0.641**</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.881</td>
</tr>
<tr>
<td>N</td>
<td>200</td>
<td>199</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>MEAN.CC</td>
<td>Pearson Correlation</td>
<td>-0.053</td>
<td>-0.037</td>
<td>-0.011</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.457</td>
<td>0.604</td>
<td>0.881</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>200</td>
<td>199</td>
<td>200</td>
<td>200</td>
</tr>
</tbody>
</table>

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

Table 3: Model Summary.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.639**</td>
<td>0.408</td>
<td>0.405</td>
<td>0.91320</td>
</tr>
</tbody>
</table>

The correlation between Store Attributes and Consumer Confidence is -.011 while insignificance occur which shows that this hypothesis is rejected.

Regression

Store attributes and store satisfaction: The results of Table 3 show that 40.8% change in the dependent variable is due to independent variable. The variation in Store Satisfaction is predicted due to Store Attributes. While the relationship between dependent and independent variable is significant (Tables 4 and 5).

Store attributes and store loyalty: The results of Table 5 show that 41.1% change in the dependent variable is due to independent variable. The variation in Store Loyalty is predicted due to Store Attributes. While the relationship between dependent and independent variable is significant (Table 6).

Store satisfaction and store loyalty: The results of Table 7 show that 48.6% change in the dependent variable is due to independent variable. The variation in Store Loyalty is predicted due to Store Attributes. While the relationship between dependent and independent variable is significant (Tables 8 and 9).

Table 4: ANOVA.

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>113.844</td>
<td>1</td>
<td>113.844</td>
<td>136.514</td>
<td>0.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>165.120</td>
<td>198</td>
<td>0.834</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>278.965</td>
<td>199</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Dependent Variable: MEAN.SS
*Predictors: (Constant), MEAN.SA

Table 5: Model summary.

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>86.047</td>
<td>1</td>
<td>86.047</td>
<td>137.681</td>
<td>0.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>123.120</td>
<td>197</td>
<td>0.625</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>209.167</td>
<td>198</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Dependent Variable: MEAN.SS
*Predictors: (Constant), MEAN.SA

Table 6: ANOVA.

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>101.714</td>
<td>1</td>
<td>101.714</td>
<td>186.479</td>
<td>0.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>107.453</td>
<td>197</td>
<td>0.545</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>209.167</td>
<td>198</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Dependent Variable: MEAN.SS
*Predictors: (Constant), MEAN.SA

Table 7: Model summary.
shows that 48% variation in dependent variable due to independent variable and mediator also play role in relationship between dependent and independent. R square change value approaches to zero and significance while beta is significance so there is partial (Table 10).

**Limitations**

- This research is conducted in departmental stores of Pakistan especially in Faisalabad. The sample is only Faisalabad stores. Because the time limitation so the results of this study cannot be imposable on whole Pakistan stores.

- This study can be investigated by including the customer opinions tangible reward, interpersonal communication, preferential treatment, customer gratitude and behavioral loyalty. Due to the shortage of time this study has been consist of 200 questionnaires which is in other case, if we done it on more people to formulate the study more difficult and diplomatic.

- This is one of the limitation our study is cross-sectional that’s why we cannot measure change in this study.

- We are using convenient sampling that’s why cannot generalize our research.

**Future Research and Directions**

Although the present study provides a significant insight to consumer confidence, store attribute, store satisfaction and store loyalty but this study is not free from few limitations such as this research is conducted in departmental stores of Pakistan especially in Faisalabad. The sample is only Faisalabad stores. Because the time limitation so the results of this study cannot be imposable on whole Pakistan stores. However such study limitations can provides further research directions for further research in this field. Lastly it was suggested that future researcher would investigates these relationships in stores of Pakistan at country level.

**References**


