

An empirical investigation on factors influencing on customer loyalty: A case study of Shahrvand food chain in Tehran

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ABSTRACT

In today's competitive business environment, consumers are exposed to make their choice from different alternatives. Customer loyalty has never been an easy task and many business owners may lose their customer as soon as new products appear on the market. This paper presents a study to find important factors influencing on sales force using factor analysis. The proposed study designed a questionnaire and distributed among 180 customers of a well-known food chain named Shahrvand in different regions in city of Tehran, Iran and managed to collect 156 filled ones. The questionnaire consists of 68 questions Cronbach alpha was calculated as 0.847, which is well above the minimum acceptable limit and validates the results. The results of our survey indicate that five major factors including multi-sensory brand experience, brand engagement, pleasing brand, brand communications and brand effectiveness influence brand loyalty, significantly.

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1. Introduction

Customer loyalty is one of essential components of any marketing planning, which helps business owners reduce the cost of marketing (Baloglu, 1994; Chen, 2004; Huber et al., 2009). Veloutsou (2009) examined two kinds of relationships that consumers form around brands. The first one was associated with direct brand and consumer relationships, while the second one was related to the links that a consumer develops with other consumers around brands, which includes brand communities, brand tribes and brand sub-cultures. Rundle-Thiele and Mackay (2001) explored the performance of a number of loyalty measures in two service markets, namely a telecommunications market, and a credit card market. They also investigated the performance of a number of measures across market kinds. They reported that all eight measures could be considered as indicators of brand loyalty in service markets. Two distinct concepts of loyalty were found in the telecommunications market while the third possible concept, differentiation loyalty, was found in the analysis conducted.

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Yoo (2009) examined whether the impact of personal cultural orientation on brand-related consumer behaviors functions invariably at the individual level in two culturally opposite countries or not. They reported that personal collectivistic orientation had a substantial impact on both brand loyalty and equity among both Americans and Koreans. Brand loyalty seemed to be higher among people of high collectivism than those of low collectivism across brands in both the US and South Korean samples. On the other hand, brand equity was also higher among people of high collectivism than those of low collectivism across brands in both countries. These findings explained that regardless of their national culture, collectivist consumers could possibly represent higher brand loyalty and equity than individualist consumers.

Jin and Koh (1999) presented a model of clothing brand loyalty formation by considering five brand loyalty-related variables simultaneously. They examined gender differences in the process of clothing brand loyalty formation. Their results indicated that consumer knowledge, product involvement, and perceived risk indirectly affected brand loyalty through the mediating variables of information search and consumer satisfaction.

Back and Parks (2003) investigated a brand loyalty model involving cognitive, affective, and conative brand loyalty and customer satisfaction. They studied the mediating impacts of attitudinal brand loyalty on the relationship between customer satisfaction and behavioral brand loyalty. They also developed a robust brand loyalty measurement in the lodging industry by implementing attitudinal and behavioral brand loyalty constructs. They reported that customer satisfaction had a substantial indirect impact on behavioral brand loyalty when mediated by attitudinal brand loyalty, including cognitive-affective-conative brand loyalty stages.

According to Dick and Basu, (1994) Customer loyalty can be viewed as the strength of the relationship between an individual's relative behavior and repeat patronage. The relationship can be also considered as mediated by social norms. According to Jacoby and Kyner (1973), brand loyalty is first recognized from simple repeat purchasing behavior and then it was conceptually defined in terms of six necessary and collectively sufficient conditions. Shang et al. (2006) examine the effects of consumers' lurking and posting behaviors in virtual consumer communities on specific brand loyalty. They reported that lurking contributed to brand loyalty more than posting did, and the primary objective of lurking was to look for information associated with product function/performance, instead of satisfying consumers' affective requirements.

Jensen and Hansen (2006) measured relative attitude as a latent two-dimensional second-order factor and to study the relationship between relative attitude and repeat purchasing. Their results supported the conceptualization of relative attitude as a mixture of purchase involvement and perceived brand differences. Aaker (1997) measured the five brand personality dimensions and presented theoretical and practical implications regarding the symbolic use of brands. Quester and Lim (2003) performed an empirical examination to find the link between product involvement and brand loyalty.

Azad et al. (2013) presented an empirical investigation to detect important factors impacting on food market using factor analysis. The proposed study designed a questionnaire, distributed among 207 customers who were regular customers of two food chains in city of Tehran, Iran named Shahrvand and Hyperstar. The results of their survey indicated that six major factors including brand loyalty, physical characteristics, pricing effects, performance characteristics, brand relationship and brand position influenced food industry, significantly. In terms of the first factor, brand loyalty, "Trust", "Packaging design characteristics", "Competitive pricing strategy", "Stability in quality", "External relationships" and "Meeting expectations" were considered as the most important factors in different categories.

2. The proposed study

This paper presents a study to find important factors influencing on sales force using factor analysis. The study is performed among regular customers who purchase from a food chain store in city of Tehran Iran called Shahrvand. The sample size for the questionnaire has been determined as follows,

$$N = Z_{\alpha/2}^2 \frac{p \times q}{e^2}, \quad (1)$$

where N is the sample size, $p = 1 - q$ represents the probability, $z_{\alpha/2}$ is CDF of normal distribution and finally e is the error term. For our study we assume $p = 0.5$, $z_{\alpha/2} = 1.96$ and $e = 0.099$, the number of sample size is calculated as $N = 180$. We have used 28 questionnaires to verify the over performance of the questionnaire and Cronbach alpha was calculated as 0.85, which is well above the minimum acceptable limit. The questionnaire maintained 31 questions and since we plan to use factor analysis and this technique is sensitive to skewness we have decided to reduce the questions to 28. Table 1 demonstrates some of the basic statistics associated with this survey.

Table 1
Basic statistics associated with 28 questions of the survey

	N Statistic	Range Statistic	Minimum Statistic	Maximum Statistic	Std. Dev. Statistic	Skewness		Kurtosis	
						Statistic	Std. Error	Statistic	Std. Error
Q1	156	4	1	5	.954	-1.314	.194	2.059	.386
Q2	156	4	1	5	.953	-.844	.194	.285	.386
Q3	156	4	1	5	.701	-.821	.194	1.707	.386
Q4	156	4	1	5	1.164	-.234	.194	-.815	.386
Q5	156	4	1	5	.908	-1.329	.194	2.003	.386
Q6	156	4	1	5	.843	-1.120	.194	1.113	.386
Q7	156	4	1	5	.851	-.628	.194	.586	.386
Q8	156	4	1	5	.900	-.246	.194	-.154	.386
Q9	156	3	2	5	.823	-.388	.194	-.611	.386
Q10	156	4	1	5	.958	-.549	.194	.132	.386
Q11	156	4	1	5	.914	-.596	.194	.126	.386
Q12	156	4	1	5	1.161	-.568	.194	-.507	.386
Q13	156	4	1	5	.938	-.733	.194	-.156	.386
Q14	156	3	2	5	.861	-.768	.194	-.099	.386
Q15	156	4	1	5	1.139	-.284	.194	-.696	.386
Q16	156	4	1	5	.975	-.590	.194	-.277	.386
Q17	156	4	1	5	.926	-.184	.194	-.403	.386
Q18	156	4	1	5	.985	-.253	.194	-.353	.386
Q19	156	4	1	5	1.073	.161	.194	-.729	.386
Q20	156	4	1	5	1.034	-.198	.194	-.684	.386
Q21	156	4	1	5	.860	-.496	.194	.313	.386
Q22	156	4	1	5	.985	-.067	.194	-.644	.386
Q23	156	4	1	5	.979	-.295	.194	-.423	.386
Q24	156	4	1	5	.944	-.279	.194	-.384	.386
Q25	156	4	1	5	.908	-.522	.194	.297	.386
Q26	156	4	1	5	.936	-.566	.194	.150	.386
Q27	156	4	1	5	.839	-.455	.194	.042	.386
Q28	156	4	1	5	.926	-.271	.194	.045	.386
Q29	156	4	1	5	.926	-.334	.194	-.511	.386
Q30	156	4	1	5	.978	-.681	.194	.388	.386
Q31	156	4	1	5	.917	-.573	.194	.279	.386

Valid N (listwise) 156

We have also performed Kaiser-Meyer-Olkin Measure of Sampling Adequacy, which yields a Chi-Square value of 1543.35, which also confirms the overall questionnaire.

3. The results

In this section, we present the results of the implementation of factor analysis. The we can observe from the results of Table 2, there are five major factors including multi-sensory brand experience, brand engagement, pleasing brand, brand communications and brand effectiveness. In terms of the first item, multi-sensory brand experience, “Visual Experience” has received the highest rank followed by “Sensory attractiveness” and “Emotions”. The second item, brand ability for involvement, consists of six items and “Being Obsessed” has been considered as the most important item followed by “Charisma”, “Comparability”. The third item, pleased by brand, includes five items where “beyond expectations” is the most important option followed by minimum compatibility. The fourth item is brand communications, where “integrated brand communications” is the most important factor followed by “after sales services”. Finally, brand ability to influence is the last factor with four sub components and “being effective” has been the most important issue.

Table 2
The summary of factor analysis

Factor	Measured variable on brand	Wight	Eigenvalue	Variance	Accumulated
Multi-sensory brand experience	Visual Experience	.761	3.799	13.567	13.567
	Sensory attractiveness	.755			
	Emotions	.751			
	Drivers	.726			
	Emotions	.712			
	Positive Energy	.700			
	Logo	.670			
Brand ability for Involvement	Being Obsessed	.813	3.427	12.238	25.805
	Charisma	.773			
	Comparability	.746			
	Exclusive	.594			
	Updated	.564			
	Dynamic	.461			
Pleased by Brand	Beyond expectations	.762	2.992	10.684	36.489
	Minimum compatibility	.670			
	Wide vision	.663			
	Optimum performance	.643			
	Satisfaction	.628			
Brand Communications	Integrated Brand Communications	.784	2.476	8.842	45.331
	After sales services	.764			
	Intelligence	.615			
	Integrity	.493			
Brand ability to influence	effective	.743	2.476	8.151	53.482
	Values are matched with the audience	.686			
	Symbol	.655			
	Reduction of the decision process	.506			

4. Conclusions

In this paper, we have presented an empirical investigation to find out the most important factors influencing customer loyalty in one the most important food chain stores in city of Tehran, Iran. The proposed study has implemented factor analysis to find the most important factors. The results of our survey indicate that five major factors including multi-sensory brand experience, brand engagement, pleasing brand, brand communications and brand effectiveness. Note that the third item of the factor analysis has been described for the first time in the literature. In addition, the results of our survey have been consistent with other studies performed recently on the same chain (e.g. Qaemi, 2012; Saeednia & Sohani, 2013; Azad et al, 2013; Hakkak & Zare, 2013).

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