Exploring the relationships between retail brands and consumer store loyalty

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C H R O N I C L E	A B S T R A C T
	This paper presents an empirical investigation to study the effects of retail brand on organizational competitiveness. The study has accomplished among 247 randomly selected retail stores located in city of Tehran, Iran. We have designed a questionnaire in Likert scale and distributed the questionnaires among some managers of retail stores. Bartlett KMO and Cronbach alpha have been calculated as 0.7 and 0.863, respectively, which are within the desirable levels. Using principal component analysis, the study has detected five factors influencing on organizational competitiveness including effective brand, distribution management, customer strategy, retail location and competitive tools. The highest value belongs to retail location ($\beta = 1.196$) followed by distribution management ($\beta = 0.825$), effective brand ($\beta = 0.47$) and competitive tools ($\beta = 0.470$).

1. Introduction

Retail stores are important part of Iranian domestic product. In fact, there is one retail store per 38 Iranian residences, which is remarkable rate in the world. This is because of globalization, rapid and sustainable growth of the economy, changes in consumer preferences and, in particular, the increase in combination of consumer goods and disposable income (Borghini et al., 2009). The profitability of retail activity in Iran's economy due to the small volume of investment required is not comparable with any other activities. Retail marketing includes all activities related to the sales of goods or services directly to the final consumer. In current competitive world, different products use various procedures to reach market success in global market and to remain on the market, firms need to pay especial attention to intangible assets. There are different intangible assets in each organization such as human resources, good will, etc. (Pan & Zinkhan, 2006). Brand and its place on consumers' mind plays essential role on the success of organizations. Most part of consumers' perspective about any particular brand depends on the product purchases on the market. The main reason for the slow rate of development of the retail industry in the world is associated with risk of investment that many investors consider for participating in the establishment of chain stores. In fact, since the return on capital and earnings of these firms are still not reliable many investors prefer other ways to invest. In addition, the

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high cost of property, poor producers in supplying the required goods and lack of familiarity of retail stores' managements on advanced methods are the main reasons for the failure of retail stores. The primary objective of many retail stores in building a good brand is associated with customer retention through customer loyalty. In fact, customer relationship marketing emphasizes that loyal customers are core business assets and the nature of communication and business management describes the concept of customer loyalty. Loyal customers are not very sensitive to prices, the cost for absorbing new customers is reduced, which increases the profitability of organizations. Binninger (2008) reported that the increase in retail brand (RB) satisfaction and loyalty could influence on store loyalty, and that behavior toward RB products maintains a moderating impact on the relationships between RB satisfaction and loyalty. They also indicated that this moderating influence was bigger for an identifiable retail brand than for an unidentifiable retail brand.

Gee et al. (2008) gave some insight on the salient issues surrounding customer loyalty and customer relationship management (CRM) into a single coherent discussion and emphasized on the need for businesses to retain customers. Guenzi et al. (2009) developed and examined a model of customer trust in a retail service setting. Three levels of the customer-to-store relationship were simultaneously considered including customer to sales associates, customer to store branded products, and customer to the store itself. They reported that trust in the salesperson and trust in store branded products had positive impacts on overall store trust. Granot et al. (2010) developed theory-building exploratory study to investigate how female shoppers make meaning in a branded-retail store shopping experience. The study extended previous studies on retail consumers' decision-making and the retail shopping experience based on hermeneutic phenomenology. They built in-depth interviews with respondents, who were self-identified customers of a leading intimate apparel retailer. They reported that consumers' retail shopping decision-making could incorporate a complex set of interactive components, which were brand-driven and simultaneously influence and were influenced by the interaction of in-store shopping and retail setting.

Keeling et al. (2013) examined how customers perceive a range of technologically mediated and face-to-face retail relationships compared with core social relationships. Kim et al. (2007) provided some insight into the nature of the membership fee based on a model of price competition between a warehouse club and a supermarket. They explained that the warehouse club's membership fee was an optimal competitive reaction to the supermarket's promotional activity. Lymperopoulos et al. (2010) analyzed the role of "trust" and "confidence/pessimism" in influencing consumer attitudes and buying intentions with respect to retail brands and products. They reported that the consumers' degree of confidence/pessimism regarding their general economic situation and their trust in retail brands were affecting the perceived benefits and indirectly their attitudes. According to Pan et al. (2006) "the retail patronage idea includes such key concepts as store choice and frequency of visit". Pan et al. (2006) synthesized previous studies through a formal, critical review of retailing literature. The meta-analysis implied that different predictors such as service, product selection, quality were strongly associated with shoppers' retail choice, whereas others such as store attitude, store image were important antecedents of shopping frequency.

2. The proposed study

This paper presents an empirical investigation to study the effects of retail brand on organizational competitiveness. The study has accomplished among 247 randomly selected retail stores located in city of Tehran, Iran. The study designs a questionnaire in Likert scale and distributes it among some managers of retail stores. Bartlett KMO and Cronbach alpha have been calculated as 0.7 and 0.863, respectively, which are within the desirable levels. Table 1 demonstrates basic statistics on data gathered from the managers who participated in our survey. As we can observe from the results, all statistics are within desirable values and we may therefore, use principal component analysis.

Table 1
The summary of some basic statistics

|		N	min	max	Skewness		Kurtosis	
					Statistic	Std. Error	Statistic	Std. Error
q1	Suppliers of raw materials	247	3	5	-0.363	0.155	-1.17	0.309
q2	Strategic integration	247	3	5	-0.921	0.155	-0.141	0.309
q3	Internet sales	247	1	5	-0.283	0.155	-0.116	0.309
q4	Internet Retail	247	1	5	-0.372	0.155	0.046	0.309
q5	Marketing channels	247	2	5	-0.591	0.155	0.385	0.309
q6	Label information	247	1	5	-0.611	0.155	0.197	0.309
q7	Quality products	247	1	5	-0.194	0.155	-0.334	0.309
q8	Competitive retail	247	1	5	-0.517	0.155	0.25	0.309
q9	Power Retail	247	1	5	-0.999	0.155	1.461	0.309
q10	Female consumers	247	2	5	-0.518	0.155	-0.51	0.309
q11	NPD	247	1	5	-0.104	0.155	-0.757	0.309
q12	Cash Discounts	247	1	5	0.123	0.155	-0.289	0.309
q13	To compare prices	247	1	5	0.152	0.155	-0.502	0.309
q14	Sellers behavior	247	1	5	-0.373	0.155	-0.624	0.309
q15	Customer service	247	2	5	-0.25	0.155	-0.669	0.309
q16	Shopping Experience	247	1	5	-0.806	0.155	1.503	0.309
q17	Store household needs	247	2	5	-0.685	0.155	0.283	0.309
q18	Market share	247	2	5	-0.23	0.155	-0.434	0.309
q19	Brand equity	247	1	5	-0.28	0.155	-0.042	0.309
q20	Brand management	247	1	5	-0.209	0.155	-0.316	0.309
q21	Credit Retail Brand	247	1	5	-0.147	0.155	-0.416	0.309
q22	Distribution channels	247	1	5	-1.033	0.155	0.977	0.309
q23	The competitive structure of the market	247	1	5	-0.533	0.155	-0.139	0.309
q24	Loyalty Store	247	1	5	-0.331	0.155	0.126	0.309
q25	Pricing strategy	247	1	5	-0.276	0.155	-0.383	0.309
q26	Advertising strategies	247	1	5	-0.346	0.155	0.095	0.309
q27	Segmentation of the market	247	1	5	-0.892	0.155	1.063	0.309
q28	Supply Chain Management	247	1	5	-0.701	0.155	0.837	0.309
q29	Customer loyalty to the brand	247	1	5	-0.252	0.155	-0.57	0.309
q30	Music in store	247	2	5	-0.394	0.155	-0.843	0.309
q31	Bargaining power of customers	247	1	5	-0.163	0.155	-0.444	0.309
q32	Demand forecast	247	2	5	-0.384	0.155	-0.98	0.309
q33	Access to the shops	247	1	5	-1.091	0.155	1.16	0.309
q34	Incentive policies	247	1	5	-0.377	0.155	-0.25	0.309
q35	Non-cash discounts	247	1	5	-0.429	0.155	-0.38	0.309
q36	Fair price	247	2	5	-0.154	0.155	-0.948	0.309
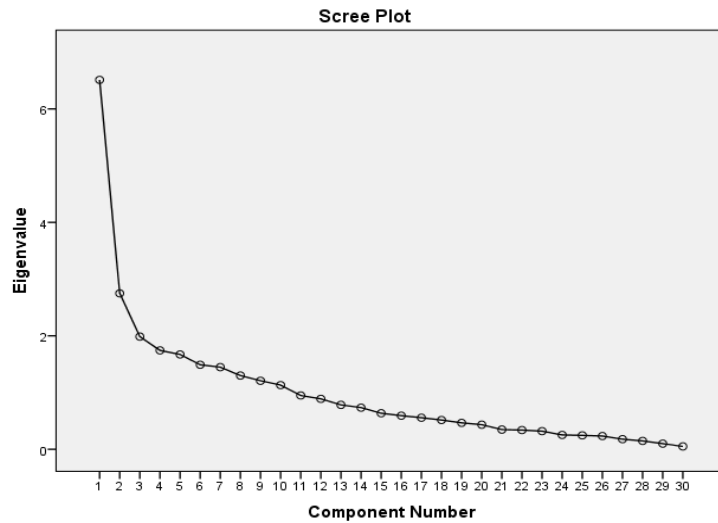
Fig. 1. Scree plot

Table 2
The summary of total variance

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.512	21.707	21.707	6.512	21.707	21.707	3.101	10.337	10.337
2	2.749	9.163	30.87	2.749	9.163	30.87	2.474	8.247	18.584
3	1.986	6.621	37.491	1.986	6.621	37.491	2.339	7.797	26.381
4	1.743	5.811	43.301	1.743	5.811	43.301	2.153	7.177	33.558
5	1.672	5.573	48.874	1.672	5.573	48.874	2.079	6.93	40.488
6	1.49	4.967	53.841	1.49	4.967	53.841	2.069	6.898	47.386
7	1.448	4.827	58.668	1.448	4.827	58.668	1.982	6.607	53.994
8	1.299	4.331	62.999	1.299	4.331	62.999	1.856	6.187	60.18
9	1.208	4.026	67.025	1.208	4.026	67.025	1.695	5.651	65.831
10	1.131	3.771	70.796	1.131	3.771	70.796	1.49	4.965	70.796
11	0.948	3.16	73.956						
12	0.889	2.962	76.918						
13	0.782	2.607	79.525						
14	0.734	2.447	81.972						
15	0.635	2.116	84.088						
16	0.592	1.974	86.063						
17	0.556	1.852	87.915						
18	0.516	1.719	89.634						
19	0.466	1.552	91.187						
20	0.433	1.443	92.63						
21	0.347	1.157	93.787						
22	0.338	1.127	94.914						
23	0.32	1.065	95.979						
24	0.252	0.842	96.82						
25	0.245	0.817	97.638						
26	0.233	0.777	98.415						
27	0.178	0.592	99.007						
28	0.148	0.492	99.499						
29	0.1	0.333	99.832						
30	0.05	0.168	100						

According to the results of Table 2 and Fig.1, it appears that there were five main factors, which could be extracted. Table 3 shows details of PCA analysis after rotation takes place.

Table 3
The results of PCA after rotation

	Factor	Rotated Component Matrix[a]									
		1	2	3	4	5	6	7	8	9	10
q27	Segmentation of the market	0.821									
q22	Distribution channels	0.664									
q19	Brand equity	0.597					0.344				
q23	The competitive structure of the market	0.589				0.362					
q34	Incentive policies	0.415									0.397
q15	Customer service		0.83								
q14	Sellers behavior		0.782								
q11	NPD		0.633								
q6	Label information		0.466		0.375						
q13	To compare prices			0.934							
q12	Cash Discounts			0.905							
q26	Advertising strategies			0.412						0.402	
q5	Marketing channels				0.908						
q4	Internet Retail				0.854						
q8	Competitive retail					0.815					
q9	Power Retail					0.795					
q18	Market share	0.387				0.513					
q21	Credit Retail Brand						0.749				
q20	Brand management						0.698				
q24	Loyalty Store							0.762			
q29	Customer loyalty to the brand						0.369	0.596			
q16	Shopping Experience							0.529	0.508		
q33	Access to the shops								0.782		
q31	Bargaining power of customers	0.339							0.576		
q30	Music									0.713	
q32	Demand forecast									0.624	
q28	Supply Chain Management	0.473								0.492	
q17	Store household needs										0.649
q25	Pricing strategy										-0.598
q2	Strategic integration	0.346					-0.399				0.426

Based on the results of principal component analysis, the study has detected five factors influencing on organizational competitiveness including effective brand, distribution management, customer strategy, retail location and competitive tools.

4. Conclusion and discussion

In this paper, we have presented an empirical investigation to study the effects of different factors influencing a good brand in retail brand. The proposed study of this paper has designed a questionnaire, distributes it among some managers who were enrolled in retail industry in city of Tehran, Iran. Using principal component analysis, the study has detected five factors influencing on organizational competitiveness including effective brand (EB), distribution management (DM), customer strategy (OCS), retail location (RS) and competitive tools (CT). Fig. 2 demonstrates the results of path analysis for investigating the effects of these factors.
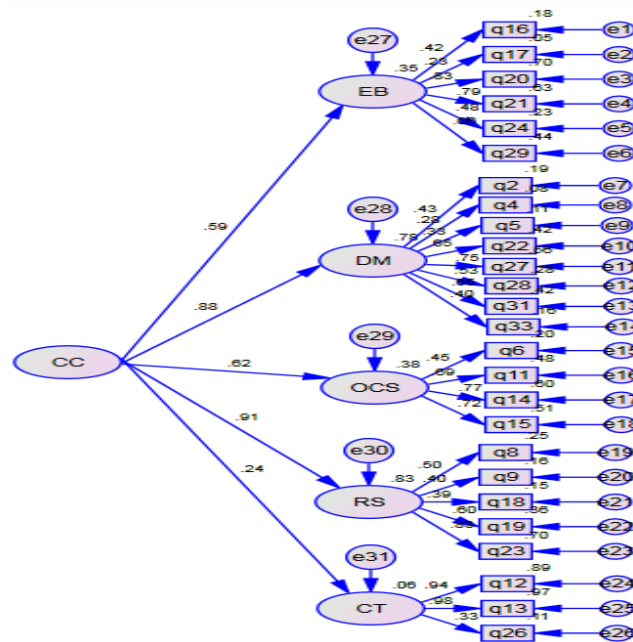

Fig. 2. The results of path analysis

According to the results of Fig. 2, all five components preserve meaningful t-student values. The highest value belongs to retail location ($\beta = 1.196$) followed by distribution management ($\beta = 0.825$), effective brand ($\beta = 0.47$) and competitive tools ($\beta = 0.470$). Note that this study has been accomplished in city of Tehran, which is the capital city of Iran. The city is the host of millions of residences and congestion has increased the number of retail stores in this city. Therefore, retail location plays essential role for development of a successful business in this city and the results of our survey are what we expected in early stage. Distribution management is another important issue in this city. In fact, when a customer does not find what he/she wants from a particular store, he/she may switch to another retail store. The results of this study are consistent with other findings in the literature (e.g. Binninger, 2008; Gee et al., 2008; Guenzi et al., 2009).

Acknowledgement

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