Understanding Customer Loyalty for Retail Stores and the Influencing Factors

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Abstract

Retailing in India is witnessing a revolution. Retailers in an emerging market like India are facing new challenges in the form of informed consumers, demographic changes, changing consumer tastes and preferences, Internet retailing and new formats of stores. In order to address customers with varying tastes and preferences, new retailers with newer ways of servicing are entering the market at a rapid pace. The retail market is now a red ocean market and retailer’s need to innovate and create differentiation. Each customer has become important and retailers have to hold on to its existing customers along with understanding ways to add new ones. Hence, the issue of loyalty, satisfaction, retention comes into the picture.

The purpose of this paper is to focus on customer loyalty towards retail stores and various aspects associated with it. The retail store as an entity has various elements attached to it and these elements influence consumer behavior. It starts from the products – its variety, quality, amount; the store ambiance – light, sound, cleanliness; the service – personnel, easy location; the location of the store – near consumer homes, availability of parking space and so on. These factors have varying degrees of influence on customers. The satisfaction of consumers depends on how these factors combine to serve in the best possible way.

Though it is assumed that a satisfied consumer will be a loyal consumer, research studies have shown that such assumptions may not be true. A satisfied consumer might not be loyal and might defect to other stores. Hence, satisfaction is not the only aspect that leads to loyalty. There are many other factors which combine to result in store loyalty. This paper makes an attempt to understand and highlight these factors.

Keywords: Customer Loyalty, Store Loyalty, Attributes of store, Consumer Behavior,

Introduction

Retailing is the point where supply and demand converge and controlling such a point gives a decisive force to any organization. However, instead of this aspect, organizations are getting keen on retailing because of the sheer size of the opportunity it offers. Indian customers are unique, they demand solutions, products, services etc. that are based on their needs and requirements. Moreover, the diversity and the heterogeneity of the nation do not allow the luxury of developing a standardized product or solutions.
India is a country with diversified customs, cultures, tastes, preferences and the like. Such a diversification is clearly visible from eating habits and dressing sense. Indian customer tastes are visibly changing; People are shifting from home cookouts to an ‘eating out’ culture, from a traditionally tailored dress to ready-made clothes. These shifts are resulting in more and more retailers cropping up and providing more options to the consumers, thereby increasing the competition in almost all aspects of retailing. Thus, it has become extremely important for retailers to understand the ways and means to satisfy their customers and retain them so that they become good brand ambassadors in the future.

It is now a proven fact that it costs far less to hold on to a customer than to acquire a new one. That is why customer retention has become the Holy Grail in industries. Customer retention has grown in importance for most businesses as it has been acknowledged as an essential contributor to profitability over the long term. Various constructs have been studied as a means to try and ensure customer retention. Satisfaction, loyalty, and commitment to customers are probably the three constructs that have been studied the most in an effort to try and understand the drivers of customer retention. It is specifically the relationships between satisfaction and loyalty and between satisfaction and commitment that have been reported extensively in the academic literature. Despite the absence of a generally accepted measure to represent customer retention, customer retention has grown in importance as the key to many a firm’s financial performances and survival. It has always been a challenge for retailers to find an explanation for customers’ ‘unpredictable behavior’. Various perspectives of customer retention research suggest that customer retention leads to increased long-term profitability, lower sales and marketing costs, increased opportunities for cross-selling of products and services and positive word-of-mouth by customers.

Retail store loyalty model

Store loyalty is the single most important factor in building retail success and store longevity. In general, loyalty is considered to generate increased profits through enhanced revenues, and reduced costs to acquire customers and serve them with a firm’s services as well (Hallowell, 1996). Although the concept of store loyalty has been the subject of research for the past few decades, how customers develop loyalty to a particular store and how that loyalty can be maintained are still open questions. Several factors were shown to influence store loyalty, including the perception of store attributes, satisfaction, and demographic characteristics. Although marketers have a relatively firm grasp of the impact of those factors, the relationships reported in the cited literature are not always clear. Explanations of store loyalty also need to take account of differences between countries and the evolution of retailing in recent years.

Concept of Store loyalty

The concept of store loyalty is derived originally from the concept of brand loyalty which refers to the tendency to repeat purchase of products from the same brand. Osman (1993) in his review paper concluded that at the store level, it refers to the tendency to repeat purchase at the same store (for the similar or other product). Though much work has been done, there is still no clear conceptualization of what store loyalty means. A consumer could display patronage behavior and yet not be loyal. This ‘spurious’ loyalty is indistinguishable from intended loyalty in the short term and occurs due to price offers and heavy promotions. Deal
prone consumers would shift to a store that offers the best price / discounts though over a short period of time they may have the same shopping patterns as loyal customers. Loyalty (henceforth used to mean intended loyalty) is the prime attitudinal objective that every marketer/retailer aims for with his marketing/retail mix elements. Loyalty assures a retailer of patronage, of not just constancy and longevity of his business, but creates an effective competitive advantage and an entry barrier which is difficult to erode.

A Store Loyalty Model

Store loyalty shows a customer’s patronage of a store, based on a cognitive attitude, making him visit the store again and again. Retailers and even marketers are interested in knowing what are those factors related to the store which earns them their customer loyalty. The figure below shows ‘The Store Loyalty Model’ suggested by Suja Nair in a Retail Management book. As per the model, customer’s store loyalty depends on upon the ‘what’ factors and the ‘how’ factors. ‘What’ factors refer to what product and services the customer looks for and gets from the store, whereas ‘how’ factors indicate the process that the customer goes through in acquiring the products and services.


The ‘What’ factors

Merchandise quality, store’s assortment, price value and the store label or brand – these are the basic components the client count for when he travels to a retail shop. These can be expanded as follows.

- **Merchandise Quality**: Merchandise is nothing but the combination of products and services offered by a retailer to the customers. Retail outlets vary in terms of the quality of merchandise carried by them. Better the quality of merchandise offered by the retailer more is the likelihood of customers developing patronage towards that store.

- **Store’s assortment**: A store’s assortment can be expressed in terms of the number of product categories, varieties of product, the number of brands for the same...
product categories, size, colors, etc. Higher store assortment does not mean that the retailer should carry an unlimited assortment, but it only means that the retailer should carry customer’s preferred brands as well as the leading brands. For instance, a regular buyer of Johnson and Johnson baby products may see an advertisement of Himalaya baby products and think of trying it out by visiting his regular retail shop. If the regularly patronized store does not carry Himalaya products, it may relatively affect the customer’s perception of the store as not an adequate store which carries the leading and competing brands.

A customer also looks for different sizes and colors within the preferred brand. However, in the case of services, the customer would prefer a bundle of services to be offered by the service provider rather than limited services. However, customers look for wide product assortment in categories like clothing, books, music, perfumes etc.

- **Price value**: Value for money is the utility that the consumer derives from every single rupee spent. By and large, consumers prefer to shop from stores where they sense they are getting desired quality products at the lowest cost. If just the perceived value is high, then likewise he would prefer visiting the store again and once more.

- **Store label or brand**: Many times, a customer visits a particular shop because of the exclusivity of the branded products available at that place. Such brands can be unique either in terms of the value proposition or performance or features or availability is-à-vi's other brands

**The ‘How’ factors**
These factors contribute to the overall shopping experience that the customers have with a retail store. They include the store layout and design, availability of in-store information, sales personnel assistance, convenient location, hassle free complaint handling at the store and personalization.

- **Store layout and design**: A store layout is the design of a store’s interior to encourage people to enter the store and expose them to the maximum variety of merchandise within the space available. For example, some stores have the fresh fruit and vegetable display at the entrance because it is colorful and will attract people in while other stores have fresh foods and the most frequently bought items at the back of the store so that people will be exposed to all other display items when locating them.

  Store layout should be such that merchandise can be easily arranged to facilitate easy accessibility and also inter-brand comparisons can be made. Store signage should be clearly visible to facilitate consumers in locating the aisles and other products and services. All this will help the customers to make product selection easily, efficiently and effortlessly, thus, resulting in a positive image of the store and thereby store loyalty.

- **Availability of in-store information and sales personnel assistance**: These factors, if managed properly, will make the product selection easy and fast for the customer.
Also, knowledgeable, helpful and courteous sales personnel can help in building a strong relationship with the customers, which, in turn, can lead to customers patronizing the stores.

- **Convenient location** – It is nothing but the ease with which the customer can reach a particular store. It can be either nearer to his residence or close to public transport. It will also include convenient and safe parking facilities and quick and hassle free checkout which can motivate customers to prefer shopping from a particular store.

- **Hassle free complaint handling at the store** – No matter how silly a customer complaint is, if handled and solved well, it will definitely win the trust and confidence of the customers. Exchange or return of merchandise is usually the most common complaint in a retail store. The retailers should adopt a liberal policy like an exchange of goods within a particular period or replacement of faulty goods within a reasonable time frame. Such gestures can help a lot in earning customer loyalty.

- **Personalization** – A customer should feel that he is given due importance by the retailer. Personalized communication on birthdays and anniversaries, gifts for a special occasion makes a customer feel that he is of value to the retailer. Also, positive personal employee behavior in a pleasant and courteous manner during interactions with customers at the store can result in the happy shopping experience and repeat purchase.

Thus, loyalty is the prime objective that every retailer aims to achieve through its retail strategy and mix element. Loyalty ensures patronage for a retailer. Bridging the gap between the ‘what’ and the ‘how’ factors can satisfy the customer as he would get what he wanted in the most convenient manner with proper guidance and support of the sales personnel.

### Understanding the concepts of Customer Loyalty and Satisfaction

**Customer loyalty**
Customer loyalty is not always easy to construe and many definitions have been proposed. Prus & Randall in 1995 tried to first explain what customer loyalty is not about.

- **Customer Loyalty is not customer satisfaction** – satisfaction is a necessary but not sufficient criterion. We know that ‘very satisfied’ to ‘satisfied’ customers sometimes switch to competitors.
- **Customer loyalty is not a response to trial offers or incentives** – customers who react to incentives are often highly disloyal and they often leave as fast as they came. They are very much inclined to respond to a competitor’s incentive.
- **Customer loyalty is not a strong market share** – high level of market share can also be influenced by other factors such as poor performance by competitors or price issues.
- **Customer loyalty is not repeated buying or habitual buying** – some of your consumers choose your products because of convenience or habits and they can be tempted to defect for any reasons.
Prus & Randall then describe customer loyalty as, “Customer loyalty is a composite of a number of qualities. It is driven by customer satisfaction, yet it also involves a commitment on the part of the customer to make a sustained investment in an ongoing relationship with a brand or company. Finally, customer loyalty is reflected by a combination of attitudes (intention to buy again and/or to buy additional products or services from the same company, willingness to recommend the company to others, commitment to the company demonstrated by a resistance to switching to a competitor) and behaviors (repeat purchasing, purchasing more and different products or services from the same company, recommending the company to others)”.

**Customer satisfaction**
Satisfaction is often confused with loyalty. Satisfaction is an emotional or feeling reaction. It is the result of a complex process that requires understanding the psychology of customers. The range of emotion is wide with, for example, contentment, surprise, pleasure, or relief. Satisfaction is influenced, in the end, by expectations and the gap between perceived quality and expected quality, called ‘expectancy disconfirmation.

**Satisfaction – Loyalty Link**
High-quality products and associated services designed to meet customer needs will create-customer satisfaction. This high level of satisfaction will produce increased customer loyalty. According to conventional wisdom, we would be tempted to believe that the link between satisfaction and loyalty is simple and linear. But reality proves us wrong; it is neither linear nor simple. The relation reacts differently according to time and circumstances. Unless they are totally satisfied, there is always a chance you will see your customers be lured away.

Most present-day strategic plans focus on a profit target and work backward to arrive at required revenue growth and cost reduction. The three forces – customers, employees, and investors – that play an important role in the enterprise are the primary forces of loyalty. Since a linkage between loyalty, value, and profit exists, these forces can be measured in terms of cash flow.

As an effect, loyalty measures permanently whether or not the company has delivered superior value. Defects can doubtlessly be explained by a lack of value for the customer. As a cause, loyalty creates a chain reaction. Reichheld describes it as follows:

- Revenues and market share grow as the best customers are swept into the company’s business, building repeat sales and referrals. Because the firm’s value proposition is strong, it can afford to be more selective in new customer acquisition and to concentrate its investment on the most profitable and potentially loyal prospects, further stimulating sustainable growth.
- Sustainable growth enables the firm to attract and retain the best employees. Consistent delivery of superior value to customers’ increases employee’s loyalty by giving them pride and satisfaction in their work. Furthermore, as long-term employees get to know their long-term customers, they learn how to deliver still more value, which further reinforces both customer and employee loyalty.
- Long-term employees learn on the job how to reduce costs and improve quality, which further enriches the customer value proposition and generates superior productivity. The company can then use this productivity surplus to fund superior compensation and better tools and training, which further reinforce employee productivity, compensation growth, and loyalty.
- Spiraling productivity coupled with the increased efficiency of dealing with loyal
customers generates the kind of cost advantage that is very difficult for competitors to match. Sustainable cost advantage coupled with steady growth in the number of loyal customers generates the kind of profits that are very appealing to investors, which makes it easier for the firm to attract and retain the right investor.

- Loyal investor behaves like partners. They stabilize the system, lower the cost of capital, and ensure that appropriate cash is put back into the business to fund investments that will increase the company’s value-creation potential.

Consequence of Customer Loyalty

Businesses with high customer loyalty rates have proven to reach great financial results. Buchanan & Gillies identified six reasons explaining why long-term customers are more profitable than others are:

- Regular customers place frequent, consistent orders and, therefore, usually cost less to serve.
- Long – established customers tend to buy more
- Satisfied customers may sometimes pay premium prices.
- Retaining customers make it difficult for the competitors to enter a market or increase their share.
- Satisfied customers often refer new customers to the supplier at virtually no cost.
- The cost of acquiring and serving new customers can be substantial. A higher retention rate implies that fewer new customers need to be acquired and that they can be acquired more cheaply. In fact, the acquisition cost of a new customer is three to five times more expensive than the retention cost.

We could also add that a loyal customer is more willing to give feedback on his dissatisfaction and becomes this way of the quality controller. Finally, loyalty is an excellent weapon, since it is almost impossible to measure a competitor’s retention rate.

Past Researches on customer buying behavior, satisfaction and retention

In these turbulent times, delivering customer satisfaction competitively has become the main focus of marketing practices. It is recognized that satisfied customers will turn into loyal customers and any retail outlet’s competitive strength depends on upon such loyalty. The concept of customer satisfaction is recognized as one of the key drivers of market share and it is important for retailers to understand consumer – buying behavior better. Oliver (1997) has given one of the famous comments on satisfaction: ‘Everyone knows what satisfaction is until asked to give a definition’. According to Oliver. “Satisfaction is the consumer’s fulfillment response. It is a judgment that a product or service feature or the product or service provides a pleasurable level of consumption – related fulfillment”.

The emphasis on consumer satisfaction gained renewed strength following the adoption of modern marketing practices in the 21st century. In recent years, considerable conceptual and empirical research was published in academic journals and this dealt with various aspects of customer satisfaction. Modern companies too realized that it’s far more expensive to find new customers than to retain the existing ones. For the purpose of research, a literature review was conducted to examine certain aspects like:

a) Link between customer satisfaction and customer retention
b) Link between customer satisfaction and customer loyalty
c) Importance of customer service management in retail
d) Building a strong customer satisfaction strategy to retain customers’ forever

e) Impact of motivation like discounts and other schemes to retain customers

f) Identifying factors to drive store loyalty

g) Relationship marketing as a tool to retain customers

h) Link between customer loyalty and customer retention

a) Link between customer satisfaction and customer retention

Many authors have cited the relationship between customer retention and the quality of service experienced by the customer. Reichheld and Kenny (1990) specified six factors as imperative to improving retention:

1) Senior management commitment;
2) A customer-focused culture in which all employees and managers focused their full attention on customer satisfaction;
3) Retention information systems that tracked and analyzed the root cause of defections;
4) Empowerment of front-line employees to take actions that provided immediate customer satisfaction;
5) Continuous training and development; and
6) Incentive systems based on customer retention.

b) Link between customer satisfaction and customer loyalty

There are three main set of variables that have been found to have an impact on customer loyalty:

1) Store related variables
2) Shopper related variables
3) Situation-related variables

Loyalty has been found to be greatly influenced by Store related variables. Some of the important store related variables are Shop location, product range, and store image. In consumer priorities, assortment and variety come after convenience and price (Arnold, Stephen J., Tae H., Ourn, Tigert and Douglas, 1983). Shop location is an influencing variable on loyalty as the convenience of shopping is among the main criteria of the customers. Location related variables are given importance in analyzing both trade areas and retail patronage behavior (Hubbard, Raymond, 1978). The consumers are favorably inclined to revisit a store where they have positive shopping experiences like a great range of assortments, good environment etc. The image of the store has also a great effect on the loyalty of the customers. Store image reflects a shopper’s perception of a store in terms of functional and psychological attributes.

Loyalty is also influenced by shopper related variables. Several factors such as age, income and social class of the shopper have found to influence the customer’s decision (Moore, Charles Thomas, and Joseph Barry Mason, 1969). Customers belonging to different age groups prefer different stores. There have been researches done, which suggests that the greater the congruence between self-image and store-image, the greater is the probability that the customer is loyal (Pathak, D.S, W.J.E. Crissy, and R.W. Sweitzer, 1974). There is a direct linkage between personal values and desired consumer benefits. This means different customers have different levels of desired consumer benefits which vary according to their own perceived value.
Loyalty is also influenced by the situation related variables. These factors include a task definition, the level of involvement, shopping orientation, and usage of information. These indicate the intensity of need and the comfort of the customer in taking a purchase decision. The store choice has been found to depend on buying situations that differ by the level of involvement (Moshis, G.P, 1976).

Thus, we can say that the existence of the customer is integral to the existence of the retailer. The ability to understand consumer is the key to developing a successful retail strategy. A key factor in understanding customers is identifying the customers for products or services, which means the target segment, and the demographics of this segment, their needs, and buying behavior. Recognition of the need (psychological or functional) for a product or a service is the first stage that may lead to a consumer buying.

c) Importance of customer service management in retail
Customer service in retail focuses on customer expectations. The ability of the retail organization to identify these expectations and fulfill them will determine whether consumers enter the shop again and again. Service management, therefore, aims to first measure customer expectations and then finding ways to meet them.

Parasuraman, et. Al (1984) identified a set of discrepancies, or gaps, between how executives perceive the quality of the service they provide and the tasks associated with delivering those services to customers. The magnitude of this gap (which can be either negative or positive) was determined by four interrelated variables:

(i) The difference between actual consumer expectations and management perception of those expectations
(ii) Between management perception of expectations and the translation of those perceptions into service quality specifications,
(iii) Between service quality specifications and service delivery and
(iv) Between both service quality specifications and service delivery, and external communication to customers. Parasuraman, et al. (1984) noted that these gaps, ‘can be a major hurdle in attempting to deliver services which consumers would perceive as being of high quality’.

d) Building a strong customer satisfaction strategy to retain customers’ forever
Many authors (Reichheld and Kenny, 1990; Zeithaml, et.al., 1990; Bowen and Lawler, 1990) have cited the relationship between customer retention and the quality of service experienced by the customer. Zeithaml, et. al, (1990) said that: “The most important thing a service company can do is be reliable i.e perform the service dependably and accurately – do it right the first time. By resolving the problem to the customer’s satisfaction, by performing the services very right the second time, the company can significantly improve customer retention rates”.

e) Impact of motivators like discounts and other schemes to retail customers
The relationship between customer loyalty and satisfaction, profitability and customer retention is described within the framework of relationship marketing. The importance of loyal customers and their impact on business profitability is undisputed, but it is more difficult to build customer retention than it may appear. Various strategies including loyalty schemes and discount cards are sometimes used in an effort to retain customers, but their success is questionable. However, in order to succeed, loyalty programs need to develop ‘loyalists’, customers who have high satisfaction, high loyalty and who will stay and be
supportive of the company.

Customer expectations should be set and monitored against satisfaction levels at an early stage in the relationship. Loyalty programs such as voucher and discount schemes rewarding usage and longevity are frequently used as a mechanism to retain customers. Linking this to an affiliation scheme with another company is an effective strategy in customer retention. Companies need to explore ways to ‘lock’ customers into a long term relationship (Stewart, 2003). Strategies aimed at discouraging switching or making switching expensive in terms of time, money and emotion are effective ways of improving customer retention rates. Finally offering exceptional personalized customer services which foster a sense of a supporting beneficial relationship will dramatically improve customer retention.

f) Identifying factors to drive store loyalty

Store loyalty refers to the tendency to repeatedly shop at the same store for similar or other products. The concepts of loyalty and commitment are borrowed from the field of organizational behavior. The following table highlights store choice drivers across stores.

<table>
<thead>
<tr>
<th>Store Type</th>
<th>What Brought you to this store?</th>
<th>What did you observe about the store?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apparel</td>
<td>1. Quality and Variety of Merchandise</td>
<td>1. Store format/design</td>
</tr>
<tr>
<td></td>
<td>2. Ambience</td>
<td>2. Ambience</td>
</tr>
<tr>
<td>Grocery Store</td>
<td>1. Proximity to my house</td>
<td>1. Variety of brands</td>
</tr>
<tr>
<td></td>
<td>2. Have been visiting for many years</td>
<td>2. Convenient Timings</td>
</tr>
<tr>
<td></td>
<td>3. Personal relationship with shopkeepers</td>
<td>3. Proximity of residence</td>
</tr>
<tr>
<td>Durables</td>
<td>1. Quality of merchandise</td>
<td>1. In-store services were delightful</td>
</tr>
<tr>
<td></td>
<td>2. Variety</td>
<td>2. Trustworthiness of the store</td>
</tr>
<tr>
<td>Chemist</td>
<td>1. Availability of the prescription drugs</td>
<td>1. Proximity</td>
</tr>
<tr>
<td></td>
<td>2. Ambience</td>
<td>2. Service was delightful</td>
</tr>
<tr>
<td>Books, music and lifestyle products</td>
<td>1. Ambience</td>
<td>1. Entertainment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Ambience</td>
</tr>
</tbody>
</table>


International research confirms that customer retention is an increasingly important phenomenon in the successful operation of any business. This article examines customer retention in the health and fitness industry. The findings highlighted are obtained from a broader study examining the practice of relationship marketing in the industry. This study involved a mail survey of health and fitness operators in Ireland. The findings indicate the need for a change in company culture, with great emphasis on senior management on member retention as opposed to new member acquisition. Customer service is rated poorly and elements of this, including the provision for increasing member/staff interaction, early detection of lapsed members, calculation of the financial value of lifetime members, and the completion of exit analysis, need to be examined.
g) Relationship marketing as a tool to retain customers
The aim of relationship marketing is to identify specific client segments and establish, maintain and enhance over time the client-firm relationship. Relationship marketing, therefore, places a major emphasis on customer retention, reflected in commonly used terms such as ‘retention marketing’ and ‘zero defections’, (Reichheld and Sasser, 1990; Reindenbach et. al, 1995). International research, primarily in the service industries, highlights the positive elements of applying a customer retention strategy. Gronroos (1990), Reichheld (1994) and Borna (2000), for example, emphasized the need for establishing and sustaining relationships with existing customers in order to increase retention levels and provide the potential for future purchases.

Other findings indicate that gaining new customers is generally calculated as being at least five times greater than the cost of keeping existing customers; an organization’s existing customer base becomes a key strategic asset (Schmittlein, 1996). Indeed, some researchers believe that the retention of customers is likely to be the single biggest predictor of future profitability. Eben (2000) similarly argues that companies can get a much better return by investing in existing customers than by acquiring new customers. Seroka (2000) highlights how companies that retain their customers while acquiring new ones’ experience faster growth than those that simply replace lost customers, and notes that the cost of servicing a customer decreases the longer the customer is retained.

h) Link between customer loyalty and customer retention
Customer loyalty can be described as ‘Customer loyalty is a composite of a number of qualities. It is driven by customer satisfaction, yet it also involves a commitment on the part of the customer to make a sustained investment in an ongoing relationship with a brand or company”. Finally, customer loyalty is reflected by a combination of attitudes (intend to buy again and /or additional products or services from the same company, willingness to recommend the company to others, commitment to the company demonstrated by a resistance to switching to a competitor) and behaviors (repeat purchasing, purchasing more and different products or service from the same company, recommending the company to others)’.

- Satisfaction is often confused with loyalty. Satisfaction is an emotional or feeling reaction. It is the result of a complex process that requires understanding the psychology of customers. The range of emotion is wide with, for example, contentment, surprise, pleasure, or relief. Satisfaction is influenced, in the end, by expectations and the gap between perceived quality and expected quality, called ‘expectancy disconfirmation’.
- Businesses with high customer loyalty rates have proven to reach great financial results.

Conclusion
The loyalty of consumers is not an easy concept and should not be taken lightly or just in terms of customer satisfaction. Loyalty is created or rather influenced by a number of factors, especially in the context of retailing. In this paper, numerous literature was reviewed to understand the impact of various variables on customer satisfaction, loyalty, and retention. First, the concepts were presented and then certain theories were linked to the concepts. The paper also focused on variables that have an impact on consumer buying
behavior. Similarly, store location, store related variables, product related variables, services and facilities, communication and effectiveness were also considered to study the impact of these variables on customer loyalty and retention.

Market positioning based on price, product differentiation and service provision is central to the competitive strategy of multiple retailers. It is observed by researchers that those retail organizations projecting an image close to the targeted customer’s self-image were more successful in increasing loyalty towards their stores. A study suggested that customer attitudes towards a store were linked to customer expectations, previous purchase experiences and customer perceptions about the store. These perceptions are created in the customer’s mind by the importance attached to the factors which contribute towards store choice. If retailers meet customer expectations, it leads to a positive experience and increases loyalty, whereas a negative experience will induce disaffection.

Many of the retailers are continually trying to improve their market position by re-evaluating the product and service provision whilst investing in new store layouts and fixtures. These marketing strategies aim to strengthen the retailer’s market position with the objective of focusing customer attention and retention to their stores. Further in-depth studies can definitely be pursued to have a better understanding of the effect of store attributes on consumer behavior. Studies can also be done to understand how demographic characteristics of the consumers are associated with the store attributes and how the effects vary.

Thus, a detailed study of such aspects with special reference to Indian consumers is required for a better understanding of the intrinsic aspects of customer loyalty. Though various research and studies have already been conducted in developed and mature markets outside India, a blind following of such studies may not be appropriate in the Indian context. However, such models and outcomes of studies can be taken as a reference point for further modifications to suit local retail scenarios.

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