Research Paper | Management

# A Study on Impact of Store Satisfaction, Merchandise Quality, and Service Quality of Store on Store Loyalty with Reference to Mom & Me Store Anna Nagar

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**ABSTRACT** *Loyalty is a phenomenon that has always received a great deal of interest among marketers, specifically from retailing side. The study tries to further the understanding towards this phenomenon by trying to test the inclusion of (merchandise and service) quality, and satisfaction as the determinants of store loyalty. The paper tries to answer the question whether merchandise quality and service quality are independently associated with store loyalty along with customer satisfaction or associated through interaction.*

**KEYWORDS : Loyalty, Merchandise quality, Service quality, Store satisfaction**

## I. Introduction about the study

Mom & Me, the chain of stores from Mahindra Retail, has been built around the unique needs of mothers to be, young mothers, infants and children up to the age of nine. The store was built to address the multiple lacunae in the market for maternity and baby products and services. Mom & Me has scoured the world's best brands in various categories and has selected a range of the best brands in the world to stock in their stores, giving Indian mothers choices that they have hitherto not enjoyed.

The satisfaction of the customer is an important aspect to any of the service. Moreover, a high competition excites in the Indian RETAIL industry. Therefore, this study is undertaken to find out the level of Store satisfaction, merchandise quality, service quality of MOM & ME store Anna nagar.

## II. Literature review

**Store Loyalty :** Based originally on the concept of brand loyalty, at the store level, store loyalty refers to the tendency to repeat purchase at the same store (for similar or other products). Bloemer and Ruyter, in conceptualizing store loyalty, distinguish between repeat visiting behaviour and store loyalty.

Following Jacoby and Chestnut , Bloemer and Ruyter define store loyalty as:  The biased (i.e. non random) behavioural response (i.e. revisit), expressed over time, by some decision-making unit with respect to one store out of a set of stores, which is a function of psychological (decision making and evaluative) processes resulting in brand commitment. The critical element of this definition is store commitment.

**Merchandise Quality :** Yavas and Babakus identified, in a study done on national retailer, that merchandise quality is the second most important antecedent in the formation of store loyalty

**Service Quality :** From the viewpoint of business administration, service quality is an achievement in customer service. It reflects at each service encounter. Customers form service expectations from past experiences, word of mouth and advertisement. In general, Customers compare perceived service with expected service in which if the former falls short of the latter the customers are disappointed.

**Store Satisfaction :** Satisfaction has often been regarded as an antecedent of store loyalty (Bitner, 1990). Store satisfaction can be defined (see also Engel et al., 1990, p. 481) as: The outcome of the subjective evaluation that the chosen alternative (the store) meets or exceeds expectations. This definition is within the tradition of conceptualisations of satisfaction theatre used in the product literature. The basis for the definition forms the disconfirmation paradigm (Oliver, 1980). According to this paradigm, satisfaction is believed to occur through a matching of expectations and perceived performance

## III. Objective and Hypothesis:

To assess the impact of store satisfaction, merchandise quality and service quality on store loyalty

H1: There is no significant positive effect of store satisfaction on store loyalty.

H2: There is no significant positive effect of merchandise quality on store loyalty.

H3: There is no significant positive effect of service quality on store loyalty.

## IV. Methodology:

This study is descriptive in nature. Both secondary & primary data has been collected for the study. The primary data has been collected with the help of well structured questionnaire. The data were collected from a large-scale retailer of Mom & me operating at Chennai. The researcher collected the data from the customers entered in to the store. A method of simple random sampling method has been adopted to collect the data from 125 respondents. Questions on Merchandise Quality, service quality, Store satisfaction and store loyalty was included in the questionnaire. Respondents opinion were rated with the help of 5 point Likert scale ranging from 1 = strongly disagree to 5 = strongly agree.

## V. Limitations of the study :

The data for the study is drawn from a single outlet and of one retail format, which may limit the generalization to other regional differences and other formats. Perhaps a large scale study by including different formats and covering wider national geographies may provide more precise insights into the concept of store loyalty

### Table 1: Reliability test:

The below given table shows the variable constructs item-wise and their reliability analysis. Favorable results in terms of coefficient alpha are observed from the reliability analysis of the scales used. All the values meet the recommended value of 0.7 The Cronbach's alpha for merchandise quality, service quality, satisfaction and store loyalty scales were 0.718, 0.727, 0.738 and 0.795 respectively.

### Table 1: Reliability test:

| Merchandise Quality: | RELIABILITY |
|---|---|
| Retailer offer merchandise of very high quality | |
| The quality of merchandise at this retailer is higher than similar merchandise at other stores | |
| Retailer merchandise holds up well for long period | |
| The merchandise I buy from the retailer is of consistent quality | |
| The retailers merchandise always meets my quality standards | 0.718 |
| The quality of merchandise at this retail store consistently meets my expectations | |
| Retailers service group have the necessary to help me | |
| Service Quality : | |
| I receive prompt service when I shop at this retailer | |
| Retailers service group are willing to go out of their way to help me | |
| Retailers service group giving caring and individual attention | 0.727 |
| Retailers service group are consistently courteous and friendly | |

| Store Satisfaction: | |
|---|---|
| I truly enjoyed by coming to this retail outlet | |
| I am satisfied with this retail outlet | |
| I think the choice to come to this retail outlet was a good one | 0.738 |
| Store Loyalty : | |
| I recommend this retailer to my friends and family | |
| I would like to buy from this retail shop only | 0.795 |
| I would like to visit this retail shop again and again | |

## VI. Analysis & Interpretation :

### V.I. Sample Characteristics :

off the 125 respondents contacted, 62% were male and38 % were female. 58% of the respondents were of the 25-35 years age range. 42 of the respondents were more than 35 in their age

### VI.II. Model Building:

Table 2 gives the correlations between central variables merchandise quality, service quality, store satisfaction and store loyalty. Table 2 shows positive relationships between the dependent variable, store loyalty, and independent variables, merchandise quality (0.396), service quality (0.466) and store satisfaction (0.655). Even, the relationships of store satisfaction with merchandise quality (0.315) and service quality (0.480) are found to be positive. It can be identified from the below given table that there is a strong positive correlation exist between Store loyalty & Store satisfaction.

### Table 2: correlation table

| | Merchandise Quality | Service Quality | Store satisfaction | Store loyalty |
|---|---|---|---|---|
| Merchandise Quality | 1 | .536** | .315** | .396** |
| Service Quality | .536** | 1 | .480** | .466** |
| Store satisfaction | .315** | .480** | 1 | .655** |
| Store loyalty | .396** | .466** | .655** | 1 |
| *.Significant at the 0.05 level (2 tailed) | | | | |
| **. Significant a the 0.01 level (2 tailed) | | | | |

## Table 3: Results of Hierarchical Regression Analysis:

| Model | | Coefficients(b) | T value | Significance value |
|---|---|---|---|---|
| 1 | (Constant) | -.062 | -.151 | .880 |
| | Merchandise quality | .215 | .161 | .042 |
| | Service Quality | .147 | .116 | .171 |
| | Store satisfaction | .619 | .548 | .000 |

From the above table it is clear, the association between service quality & Store satisfaction is found to be insignificant. & significant association exists between store satisfaction & Store loyalty & Merchandise quality & Store loyalty.

## VII. Findings & Implications

Merchandise quality and store satisfaction is found to have direct influence on store loyalty. Hence H1 & H2 can be rejected. The third hypothesis can be rejected as because there is no association between Service quality and store loyalty. Being the retail store exclusively for the pregnant women & new born Customers in general expects quality goods & focus more for customer satisfaction. Hence much more focus in increasing the quality of the merchandise, strategies to increase store satisfaction like product display, assortment, varieties, store layout, Provision for parking & Rest place will help the store to bring loyal customers.

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