

Signaling the Store Attributes on Customer Store Loyalty Mediated Through Hedonic, Social and Utilitarian Customer Values

Sania Usmani*

Abstract

Developing customer loyalty is the primary objective for retailers. Price pressures faced by the developing economies leave a small margin for retailers. Increasing the frequency and repeat purchases can help retailers to increase their profit margins. Customers can only be retained if they are loyal. This research is carried out to understand the dynamics underlying the store attributes and customer loyalty. It has examined the impact of Store attributes on Customer Store Loyalty mediated through Customer Value. In this research, a sample of 300 customers was taken from two departmental stores, particularly, Chase Up and Intiaz. This study has taken 3 Store attributes; Store Atmosphere, Merchandise Quality, and Relationship Marketing and assessed their impact on Store Loyalty mediated through 3 types of Customer Values; Hedonic, Social and Utilitarian. Structural equation modeling was carried out using the Partial Least Squares method in SMART-PLS software. The results showed that Merchandise Quality, Relationship Marketing and Store Atmosphere impact Store Loyalty mediated through Hedonic and Utilitarian Values. Social Value is not significant and does play a role in creating Loyalty. The study concludes by identifying gaps in the literature and recommending practical and theoretical implications for the same.

Keywords: Customer store loyalty; hedonic value; social value; utilitarian value; merchandise quality; store atmosphere; relationship marketing.

JEL Classification: M31, M39

1. Introduction

Customer loyalty is the primary source for any business. Indeed, customer loyalty plays a vital role for an organization to set a higher price and create competition (Aaker, 1991). Customer loyalty is a primary factor in achieving profitability. Customer loyalty has been determined as a key element in developing long-term relationships between organizations and consumers. Customer loyalty is the vital foundation in key retail administration. The most significant advantages of customer loyalty to the retail industrialist are word of

*Assistant Professor, HR, and Management, Institute of Business Management, Karachi, Pakistan.
Email: sania.usmani@iobm.edu.pk

mouth, being ready to pay higher costs and significant market share resulting from repeat purchases. Customers for whom loyalty doesn't matter can easily switch toward other stores where prices are less. Osman (1993) claims that "the customers who are loyal to a certain store always pay a visit whenever they go out for a shopping". Repeat purchases by loyal customers increase firm performance as well as augment store Loyalty. Loyal customers may not switch to other brands and are less susceptible to competitors' offerings. They sometimes even ignore a poor experience (Sinha et al., 2018; Hassan & Hashmi, 2020). While disloyal customers switch frequently as soon competitors offer a better value proposition (Sharma & Jain, 2019). Attracting new customers is much more expensive as compared to retaining the old ones, therefore, stores should focus on building sustainable relationships with customers (Rather et al., 2018; Hassan & Hashmi, 2020). Store loyalty refers to customers' long-term commitment to the store. They will consistently buy from one store over a period of time (Hassan & Hashmi, 2020).

According to Woodruff (1997), customer value is a basic factor in organization planning and differentiation because it addresses "what the customer needs and trust when they purchase and consume seller's product. Evidence demonstrates that individuals will develop their behavior (like versus dislike) both from the course of their emotions and sentiments. To pull in customers, retailers invest enough assets into making important environments for the customer, to provide a positive shopping experience.

The study of customer experience is even more applicable with regard to retailing as Berry (2002) declared that retailing is tied to creating an aggregate customer value. Store atmosphere, merchandise value, and store familiarity affect store loyalty, word of mouth, readiness to pay, and customer value. A tremendous amount of competition in the market makes a business vulnerable to maintaining market share. Frequent changes in the taste of consumers make them switch to competitors' products. It doesn't only affect the profitability but also makes it difficult for the organization to survive in the market if it fails to maintain customer loyalty. Hence, this study aims to identify the factors that affect customer value which eventually leads to customer loyalty. This research has used three factors of a retail store, which include relationship marketing (relationship building and maintenance), merchandise quality (product, price, quality, and placement), and store atmosphere (ambiance of the store).

This research is aimed to examine how merchandise quality, store atmosphere, and relationship marketing increase the three types of customer value; such as Social value, Hedonic value and Utilitarian value. Further, how customer value increases customer loyalty. By using the results of this research, retailers can create different activities and programs that will strengthen loyalty towards their stores. Moreover, this research will help in understanding how retailers can emphasize store atmosphere to build customer value in terms of making their shopping experiences better and enjoyable which will make them loyal to the store. Lastly, it will also help to understand customer choices and preferences of merchandise

quality to be kept in the store. The insights into the factors separately affecting each value dimension will help gauge the minor details on how to increase value and loyalty for shoppers.

1.1 Research Questions

This study aims to explore the impact of Merchandise quality, Store atmosphere and Relationship Marketing on Customer Store Loyalty through Customer Value in the retail industry of Pakistan. The research questions are;

- Which Store factors (Store atmosphere, merchandise quality, relationship marketing) impact the customer value (Utilitarian, Hedonic, Social) in the retail industry?
- Which Store factors (Store atmosphere, merchandise quality, relationship marketing) impact customer loyalty in the retail industry?
- Does customer value (Utilitarian, Hedonic, Social) mediate the relationship between the Store factors (Store atmosphere, merchandise quality, relationship marketing) and customer loyalty in the retail industry?

2. Literature Review

2.1 Signaling Theory

This study has used the signaling theory (Boulding & Kirmani, 1993) to provide the theoretical foundation between the variables. Signaling theory provides reciprocation between two parties. The information signals are transferred from one party to another. Consumers have no information about a departmental store prior to their visit, then the retailer signals the information to the consumer through product, price, placement of a product on the shelf, promotions, packaging, etc. further, a retailer may signal information through store atmosphere, relationship marketing and merchandise quality and variety. Store attributes thus, play signaling roles between the retailer and the shopper. A customer perceives a store through the attributes it portrays and creates a lasting image which leads to customer value and loyalty. It involves functional as well as psychological qualities. Thus, a retailer uses a mix to build its customer base and retain those loyal customers. By using appropriate retail mix elements, a retailer builds a sustainable competitive advantage. Previous studies have discussed outcomes of store attributes like patronage intention, shopping behavior, consumer attitudes towards the departmental stores, relationship investments, and customer satisfaction (De Wulf et al., 2001; Wang, 2009; Odekerken-Schröder, De Wulf, & Schumacher, 2003).

2.2 Customer Store Loyalty

According to Dick and Basu (1994), loyalty is better than other alternatives. Whereas, Oliver (1999) gives store loyalty a completely new emotional definition in which a customer visits a store, again and again, to satisfy their needs and show loyalty towards the

store. Orth et al. (2010) state that Store loyalty is increasing because old customers are more attached and feel comfortable buying from the same store, they show loyalty as compared to the new customers, in this way it benefits the store owners because they do not need to incur more cost to gain new customers and save approximately 80%.

The bonding between customers and retailers is established through a long course of years with loyalty (Sirdeshmukh et al., 2002). This loyalty doesn't end with stores or purchased goods, it is spread in other service firms like airlines, hotel chains and restaurants where customers come, use and spend in exchange for services. East et al. (2000) present the theory of first-brand loyalty and first-store loyalty adapted from Cunningham (1961). Knox and Denison (2000) observed that loyalty is much alike in the retail sector. They found that most of the retail segments share similar retail techniques. If the customer shows loyalty for a longer period of time then the profits are shared with the customer. Loyalty tends to increase the perception of the quality of the merchandise with the level of service the customer receives. Originally based on the concept of brand loyalty, it refers to the tendency to repeat purchases at the same store. It involves a commitment to buy at the same store over time. A consumer becomes loyal to the store based on evaluative processes towards a particular store. Store loyalty involves both attitudinal and behavioral components. Attitudinal involves commitment while behavioral involves repeat purchases and word of mouth (Reddy et al., 2011).

2.3 *Customer Value*

According to Hirschman and Holbrook (1982), once a retailer understands the shopping behavior of the customer, they will have great opportunities to gain customer value. They define customer value as the outcome of an interaction between a subject and an object. Customer value involves preferences and it is relative to a context. Customer value is an evaluative judgment that is an outcome of a shopping experience by a buyer. Buying, therefore, covers a whole shopping experience and shopping as a motive is not enough, social and hedonic values also need to be acknowledged. Thus, there are three types of values to provide a complete understanding of customer value, namely; utilitarian value, hedonic value and social value. As a retail marketer, one must segment its customers based on different underlying motives therefore understanding how customers derive value from their shopping experiences becomes important. Creating and delivering value has become important to survive in a marketplace today. Shoppers don't only look for prices and convenience nowadays. Retailers must understand multiple motives to create customer value for their loyal customers (Rintamäki et al., 2006).

Customer's value is a tradeoff between quality and benefits they perceive relative to the sacrifice they pay by paying the price of that product. It is what they get from what they paid. Indeed, perceived value influences loyalty intentions directly and indirectly (Grosso et al., 2018).

Table 1:
Categorization of Customer Value

Dimension	Utilitarian	Social	Hedonic
<i>Approach</i>	Cognitive	Symbolic	Experiential
<i>Purpose</i>	Means to a Material End	Means to a Social End	An End itself
<i>Outcome</i>	Economical	Social	Emotional
<i>Consumer</i>	Homo Economicus	Homo Faber	Homo Ludens

Source: Adapted from Rintamäki, et al. (2006).

2.4 Hedonic Value

Hedonic value is gained from the motives of fun, fantasies and feelings. They involve delight and fulfillment gained by the shopping experience. The consumer is known as Homo Ludens (Experiential Customer) who is motivated by his senses and wants. These customers want to sense, feel and relate. A hedonic value is subjective and involves entertainment and exploration during shopping. It is realized through aesthetics and customers find shopping an adventure and an enjoyable session. Activities such as bargain hunting, browsing, window shopping and variety-seeking relate to attaining hedonic values by buyers. Shopping itself becomes an end (Rintamäki et al., 2006).

Hedonic value can be experienced during numerous stages of the shopping cycle. Babin and Attaway (2000) stated that hedonic value predicts the passion for shopping itself. If the general impression of the shopping is one of joy and satisfaction, ultimately customers will experience hedonic value. Oliver (1999) stated that if customers' utilitarian and hedonic values are higher, their sentiments of positivity will be more, and they will normally feel more satisfied with the store. Hedonic shopping values include delight and joy.

Babin and Attaway (2000) stated that a shopping experience is fruitful when it gives pleasure. Subsequently, the shopping experience might be measured by utilitarian and hedonic values. Numerous scientists indicate that the utilitarian and hedonic value of the shopping experience is identified by the level of customer satisfaction with the store.

2.5 Social Value

Social value involves Symbolism gained through interactions between the customer and the retailer. The customer is known as Homo Faber. Shopping is seen as a social activity where relationships, social codes and symbolic meanings matter. Shopping experiences reflect the Self; self-esteem and social status as an outcome. Customers associate their social identity with shopping. The shopping spree which enhances the customer's self-esteem and status contribute to social value. Status comes through membership which is part and parcel of materialism and conspicuous consumption. These status-conscious consumers are known

as self-monitors. The perceived social value is intrinsic and includes favorable impressions created through buying the product.

Symbolic features involve products, personnel, and store which enhance the meaning of Self. Customers stroll through the store and are gazed upon which enhances their self-esteem and social status. These shopping experiences are often termed magical or unique (Rintamäki, et al., 2006). Babin and Attaway (2000) see social value as an individual aspect of aggregate customer value. Most of the customers may have examined items at stores that push their money-related abilities, maybe with little aim of buying, yet doing this improves their status and confidence, which adds to social value.

Chandon et al. (2000) indicated that symbolism can be achieved by shopping, as consumers show their personality through the consumption experience. To convey to customers that they value, retailers seek different methods to increase their loyalty. Doing as such is not costless, therefore it becomes important to understand the drivers of total customer value becomes critical. Fruitful retailers comprehend that customer value incorporates concrete and unique parts of the shopping experiences, from the decision to purchase that leads towards consumption. This requires an extended meaning of customer value which underlines experiential and social aspects of consumption.

2.6 Utilitarian Value

Utilitarian value involves convenience and monetary savings. It is also known as functional utility derived from the shopping experiences. Consumers are rational problem solvers who use cognitive processing to process the information and decide. It is a product-centric shopping experience where a consumer has a pre-defined end and is usually termed a Homo Economics. Their utilitarian value involves extrinsic task-related needs. Hence, it is easier to gauge consumer needs as they merely involve price reductions or discounted products. These monetary savings increase the utilitarian value for consumers. Further, access, search, possession and transaction convenience when sought increases utilitarian value. Understanding how to deliver convenience involves the process from “drive in to check out”. The actions taken by the retailer may include maximizing the ease and speed of shopping (Rintamäki, et al., 2006). In the utilitarian perspective, value is instrumental and consumers solve the problem logically. The utilitarian point of view stresses the consumer decision-making process. Consumption is a means to accomplish a predefined goal. A customer hence becomes a utility calculator.

It can be said that customer value is directly proportional to the goals and purposes of a customer, such as low price and convenience, as well as factors that are meaningful on their own, (e.g. to some, shopping is a social outing and/or an adventure). As such, the experience of shopping creates a variety of concrete and intellectual benefits which in turn add to the

total customer value that is greater than the simple acquisition of products or services (Chandon et al., 2000). Chandon et al. (2000) suggested that social value has a low contribution as compared to utilitarian and hedonic value amongst the tripartite conceptualization of consumer value. Monetary savings and convenience create utilitarian value; exploration and entertainment provide hedonic value; social value is attained from self-esteem and enhancement. Customer value plays a vital role in creating customer loyalty. Giving high value (social, hedonic, and utilitarian) to customers ends with high customer loyalty and thus maximizes store profitability. In practice, the relationship between customer value, loyalty, and profits can be noticed in the market (Chandon et al., 2000).

2.7 *Merchandise Quality*

The importance of merchandise quality on satisfaction and store loyalty is mostly ignored. However, merchandise quality strongly affects customer loyalty than customer satisfaction. A study conducted on shoppers identified that strong products and merchandise quality play a significant role in influencing consumer buying decisions (Reddy et al., 2011; Naylor & Frank, 2000). Baker et al. (2002), argued that the overall perception of merchandise quality affects the decision of the customer if they will revisit the store and repurchase, regardless of the satisfaction level towards the store. Therefore, a retailer has to build a positive precept in the minds of a customer by delivering a delightful shopping experience. This positive perception can be achieved through store reputation, store image, pricing strategies, merchandise-quality perceptions and, relationship marketing (public relations, promotions, advertisement). Merchandising involves product quality, assortment, styles and fashion in merchandise.

Merchandise mix provides the customer with a variety of products and services which enhances customer value. This will retain their customers and make them loyal. Product or merchandise quality is defined as a customer's fulfillment with the merchandise being offered by a departmental store. High merchandise quality increases the excitement of shoppers, it makes them pleased and content with their shopping experience and further makes them loyal to the store. Higher product price is directly proportional to product quality and variety satisfaction (Wang, 2009). The merchandise quality is the second most important factor which plays a vital role in forming and enhancing store loyalty. Merchandise quality affects both consumer satisfaction and consumer loyalty (Reddy et al., 2011; Naylor & Frank, 2000).

H1. Merchandise Quality has a positive impact on Store loyalty mediated by Hedonic Customer Value

H2. Merchandise Quality has a positive impact on Store loyalty mediated by Social Customer Value

H3. Merchandise Quality has a positive impact on Store loyalty mediated by Utilitarian Customer Value

2.8 *Relationship Marketing*

According to Morgan and Hunt (1994), relationship marketing ought to be an organization-wide philosophy. This is based upon the objectives of relationship marketing which are relationship building and maintenance. It is expected that relationship marketing and customer loyalty to the store are positively related. It is the implementation of relationship marketing that is more likely to influence customer perceptions.

As per Gundlach (1995), it is the experience of the customer with the goods and services that establishes customer loyalty. The quality of the relationship before the sales is emphasized. The need for relationships, between companies and people, is important, instead of the relationship between salespeople and customers, because it is the fact that when salespeople leave their place of work, the customer with whom they had grown close may also leave the store with them. The creation and maintenance of long-term exchanges are highlighted in relationship marketing. Such relationships are better than short-term, task-based relationships (Myhal et al., 2008). Delving further, relationship marketing relies upon creating a strong foundation of shared interests and commitments between customers and companies. By using customer interaction firms strive to create commitment with their consumers, this includes trust, the desire by a customer to uphold a valued relationship. It is suggested by Wong and Chow (2007) that relationship marketing increases customer loyalty, repetitive involvement and positive word of mouth.

Leung (2016), explains that empathetic employers, those who can easily form a conversation with the customers, giving them the feeling that they might never be able to get a product elsewhere, increase loyalty. It has been studied that on average a loyal customer is worth 10 times more than a customer who purchases for the first time, which causes an increase in the revenue of the store. Relationship marketing is all about working together, it focuses on keeping and enhancing associations with current customers as opposed to securing new customers. It requires extensive use of advertisements, promotions, correspondence, and customer-related strategies to make loyal customers. To retain a customer, stores must exceed customers' needs and wants so they will make repeat purchases. Leung (2016), argues that organizations that want to compete with competitors, must offer something other than low prices. Representatives with good interpersonal skills effectively interact with customers in a polite manner which provides customers with something they will be unable to get elsewhere which increases their loyalty.

H4. Relationship Marketing has a positive impact on Store loyalty mediated by Hedonic Customer Value

H5. Relationship Marketing has a positive impact on Store loyalty mediated by Social Customer Value

H6. Relationship Marketing has a positive impact on Store loyalty mediated by Utilitarian Customer Value

2.9 *Store Atmosphere*

Retailers give their consumers an exceptional shopping experience and they try to retain their customers through a change in the creation of the atmosphere (Hashmi & Nadeem, 2021). found that store atmospherics and shopping behavior have a significant relationship by conducting 60 experiments. The store atmosphere may include general interior variables (such as flooring, color schemes, lights, music, scents, temperature, cleanliness); layout and design (such as space design, grouping, placement of equipment, waiting area, furniture, dead area); Point of purchase (such as signs, cards, wall decorations, pictures) and lastly human variables (such as uniforms, crowding and privacy). These atmospheric characteristics have a significant association with consumer attention and purchase decision. Consumers place high affective evaluations on to store atmosphere. Most researchers argued that buying environments can be designed in a way that can create emotional effects among consumers who place a high value on buying experiences. These atmospherics can not only create purchase probability but also loyalty and repeat purchases (Olahut, et al., 2012). Retailers, therefore, put a lot of hard work into enhancing the store environment, exterior, merchandise quality, price range, and promotional activities for the store.

Store atmosphere or shopping environment refers to an in-store environment created by way of visual displays, interior design and the ease of mobility within the store. The physical surroundings impact shopping behavior A nice store atmosphere entails a comforting layout with pleasant colors, aroma, music, decorations and lights. Ease of mobility and accessibility within the store gives a store an added advantage as it provides customers with convenience during shopping (Wang, 2009). Sirgy (2000) recommended that a pleasant and stimulating environment of a store can make an ideal setting and produce positive feelings about the store. Store environment components can impact the individual emotions experienced by a customer and impact their shopping experiences, consumption, quality, satisfaction, and shopping value.

As per Babin and Attaway (2000), satisfying customers need an unforgettable and pleasant shopping experience. Therefore, retailers have resorted to outstanding decor, eye-catching displays, pleasant sight and sound and other aspects of interest that bring out positive effects and influence the shopping experience which leads to customer store loyalty. Retailers are now focusing on recreating their internal store environment to maintain customer loyalty.

H7. Store Atmosphere has a positive impact on Store loyalty mediated by Hedonic Customer Value

H8. Store Atmosphere has a positive impact on Store loyalty mediated by Social Customer Value

H9. Store Atmosphere has a positive impact on Store loyalty mediated by Utilitarian Customer Value

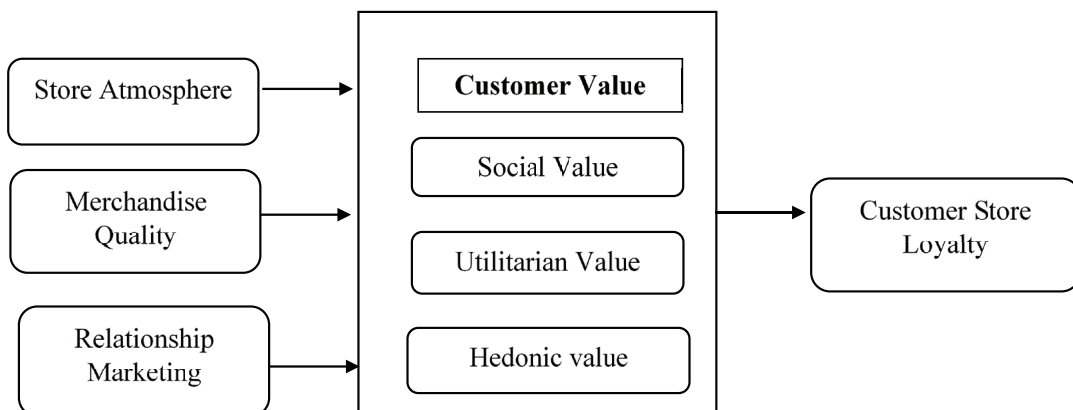


Figure 1: Research Model

3. Research Method

The Signaling and Inference theory has been applied in this study to test the relationship between Customer Store Loyalty, Customer Value and Store Attributes. Customer Values included; Hedonic, Utilitarian and Social Values. Quantitative causal research was used in this study. Customer Value is the mediator while Customer Store Loyalty is the independent variable and Store Attributes are the independent variables. The target population in this study is the consumers of two retail chain stores in Karachi, Pakistan. The industry chosen is retail and the two stores are; Imtiaz and Chase Up. Imtiaz Super Store is a Pakistani supermarket that operates a chain of stores across Pakistan. Imtiaz has 19 stores in Pakistan with Rs. 40 – 1000 billion sales as of 2022. Imtiaz is the biggest competitor and a leading giant in the retail industry with huge margins (Imtiaz Supermarket, 2022). Chase Up is currently the largest non-grocery and second-largest grocery store with 7 outlets and one online outlet across Pakistan. Chase currently holds an 18% market share with Imtiaz leading the way with 20% (Arshad, 2017). Therefore, these two largest chains were selected for this study as 40% market share is held by these two retail giants.

3.1 Sampling Design

300 sample of consumers was taken from both the chain stores. 150 consumers were selected from each store; Imtiaz and Chase Up. The data was collected from consumers for a better understanding of the model being tested. Non-probability-based convenience sampling technique was applied to know the consumer's preferences and convenience towards these stores. The survey method was used to collect primary data from the shoppers. The researcher visited the departmental stores personally and collected the data from consumers who were shopping in those stores. The structural Equation Model was used to test the mediated model using Smart-PLS software. The entire questionnaire used a five-point Likert scale on all the

independent and dependent variables. To measure perceived customer store loyalty, a scale developed by Zimmer and Golden (1988) was used. To measure perceived Customer Value (Utilitarian, Social, and Hedonic), a scale of customer value developed by Chandon et al. (2000) was used. To measure perceived store atmosphere, perceived merchandise, quality and relationship marketing, the scale was adapted from Wang (2009).

4. Results

In this research, 300 respondents were taken for the data collection. Data on 7 variables were collected through a questionnaire. The first independent variable was “Store Atmosphere” which consists of 3 items; the second independent variable is “Merchandise Quality” which consists of 4 items; the third independent variable is “Relationship Marketing” which consists of 4 items. The Mediator in this study is Customer Value which is the aggregate of 3 components namely; “Hedonic value”; “Utilitarian value” and “Social value”. All these components each consist of 6 items. Lastly, “Store Loyalty” was the dependent variable used in this study which consists of 6 items. Table 2 represents the Gender, Age, Income and Education levels of shoppers who participated in this study.

Table 2:
Demographics

Variable		Frequency	Percent
Gender	Male	168	56.0
	Female	131	43.7
Age	Less than 21	52	17.3
	21 to 30	213	71.0
	31 to 40	26	8.7
	41 to 50	5	1.7
Income	Above 50	4	1.3
	Less than 20,000	98	32.7
	20,000 to 40,000	91	30.3
	40,000 to 50,000	63	21.0
	50,000 and above	46	15.3
Education	Matriculation/O Level	12	4.0
	Intermediate/A level	28	9.3
	Undergraduate	149	49.7
	Graduate	107	35.7
N=300			

Table 3 represents the Descriptive Statistics of 7 variables namely; Store loyalty, Store Atmosphere, Merchandise Quality, Relationship Marketing, Hedonic Value, Utilitarian Value and Social Value. The mean for SL is 3.6739 (SD= 0.66236; C.A =0.758); the mean for SA is 3.6989 (SD=0.75112; C.A=0.688); the mean for MQ is 3.8942 (SD=0.68842; C.A=0.745) ; the mean for RM is 3.5108 (SD=0.79983; C.A=0.833); the mean for HV is 3.4594 (SD=0.67147; C.A=0.754); the mean for UV is 3.6256 (SD=0.63173; C.A=0.647);

the mean for SV is 3.4783 (SD=0.62032; C.A=0.700). All the correlations were significant at 0.01 except RM and SA which is insignificant.

Table 3:
Descriptive Statistics: Mean, SD and Intercorrelations

VARIABLES	Mean	SD	C.A	1	2	3	4	5	6	7
SL	3.6739	0.66236	0.758	-	-	-	-	-	-	-
SA	3.6989	0.75112	0.688	.323**	-	-	-	-	-	-
MQ	3.8942	0.68842	0.745	.530**	.443**	-	-	-	-	-
RM	3.5108	0.79983	0.833	.349**	-.032	.269**	-	-	-	-
HV	3.4594	0.67147	0.754	.419**	.174**	.284**	.437**	-	-	-
UV	3.6256	0.63173	0.647	.364**	.364**	.433**	.276**	.453**	-	-
SV	3.4783	0.62032	0.700	.334**	.282**	.396**	.479**	.841**	.773**	-

N = 300; p<0.05*; p<0.01**; SL=Store Loyalty; SA= Store Atmosphere; MQ= Merchandise Quality; RM= Relationship Marketing; HV= Hedonic Value; UV= Utilitarian Value; SV= Social Value; C.A=Cronbach Alpha

An independent sample t-test was conducted between the two stores to identify the difference between data and results. It was found using Levene's test that the variances are equal across the two groups (i.e., p-value large) and that Equal variances are assumed. Thus, there is no difference between the store loyalty of both groups. The focus of this study is to generalize the entire model using the sample of both groups, and not the comparison of separate groups, therefore, the sample is combined and the results are stated collectively for both groups. The only reason to identify the two organizations was due to the reach and sales of these stores across Pakistan. Table 4 shows the results of the independent sample test.

Table 4:
Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2 tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower		Upper
SL	Equal variances assumed	.095	.758	-1.090	298	.277	-.08333	.07646	-.23380	.06713
	Equal variances not assumed			-1.090	296.868	.277	-.08333	.07646	-.23380	.06714

4.1 Measurement Model

A 2-step approach was used in this study. First, the measurement model was carried out to measure the validity and reliability. Then, the structural model was used to test hypotheses. Convergent Validity and Reliability were tested via 3 indicators; Cross Loadings, Composite Reliability (CR) and Average Variance Extracted (AVE). The threshold of Cross loadings is ≥ 0.5 , AVE is ≥ 0.5 and the Reliability is ≥ 0.7 . According to Table 5, all values are greater than 0.5 for AVE, 0.7 for CR and 0.6 for Cross Loadings as shown in Table 6 (Hair et al., 2019; Ramayah et al., 2018).

Table 5:
Convergent Validities and Reliabilities

	Cronbach's Alpha	rho_A	Composite Reliability (CR)	Average Variance Extracted (AVE)
CV	0.742	0.741	0.853	0.659
MQ	0.728	0.730	0.847	0.649
RM	0.836	0.853	0.891	0.672
SA	0.645	0.671	0.847	0.735
SL	0.782	0.795	0.859	0.605

N = 300; SL=Store Loyalty; SA= Store Atmosphere; MQ= Merchandise Quality; RM= Relationship Marketing; CV= Customer Value

Table 6:
Cross Loadings

	MQ	RM	SA	SL	CV
MQ01	0.771				
MQ02	0.848				
MQ03	0.796				
RM01		0.737			
RM02		0.852			
RM03		0.887			
RM04		0.796			
SA01			0.894		
SA02			0.819		
SL02				0.727	
SL04				0.804	
SL05				0.740	
SL06				0.834	
SV					0.817
UV					0.790
HV					0.828

N = 300; SL=Store Loyalty; SA= Store Atmosphere; MQ= Merchandise Quality; RM= Relationship Marketing; HV= Hedonic Value; UV= Utilitarian Value; SV= Social Value

Fornell and Larcker Criterion (1981) and Heterotrait Monotrait Ratio (HTMT) (Franke and Sarstedt, 2019) were used to assess the discriminant validity. Table 7 shows that discriminant validity exists as per Fornell and Larcker Criteria.

Table 7:
Fornell-Larcker Criterion

	CV	MQ	RM	SA	SL
CV	0.812				
MQ	0.403	0.805			
RM	0.477	0.271	0.820		
SA	0.328	0.456	0.010	0.857	
SL	0.364	0.569	0.239	0.467	0.778

N = 300; SL=Store Loyalty; SA= Store Atmosphere; MQ= Merchandise Quality; RM= Relationship Marketing; CV=Customer Value

The HTMT values should be ≤ 0.85 . The values of HTMT in Table 8 are ≤ 0.85 so it can be concluded that participants understood the difference between all 7 constructs. To sum up, it can be said that there was validity and reliability in the measurement model.

Table 8:
Heterotrait-Monotrait Ratio (HTMT)

	CV	MQ	RM	SA	SL
CV					
MQ	0.543				
RM	0.607	0.344			
SA	0.453	0.663	0.083		
SL	0.485	0.744	0.296	0.646	

N = 300; SL=Store Loyalty; SA= Store Atmosphere; MQ= Merchandise Quality; RM= Relationship Marketing; CV=Customer Value

4.2 *Structural Model*

A sample of 500 iterations was carried out using bootstrapping procedure to calculate beta coefficients, t-values and p-values (Ramayah et al., 2018). As p-values are not a good indicator for testing the significance of hypotheses therefore a combination of p-values, t values and effect sizes was used in this study (Hahn & Ang, 2017).

Hypothesis 1 was rejected as the Merchandise Quality did not have a significant impact on Store Loyalty mediated by Hedonic Value ($\beta = 0.035$, $p = 0.114$). Also, there was no direct effect of Merchandise Quality on Hedonic Value ($\beta = 0.126$, $p = 0.058$). Hypothesis 2 was also rejected as the Merchandise Quality did not have a significant impact on Store

Loyalty mediated by Social Value ($\beta = 0.005$, $p = 0.589$). Also, there was no direct effect of Merchandise Quality on Social Value ($\beta = 0.060$, $p = 0.343$). Hypothesis 3 was accepted as the Merchandise Quality had a significant impact on Store Loyalty mediated by Utilitarian Value ($\beta = 0.052$, $p = 0.019$). Also, there was a significant direct effect of Merchandise Quality on Utilitarian Value ($\beta = 0.263$, $p = 0.000$). Hence, it seems that Merchandise Quality highly impacts a shopper's functional and monetary aspects in creating Store Loyalty. Therefore, a retailer needs to focus on the variety and quality of goods along with the convenience and pricing of goods. The total effect was significant where Merchandise Quality affects Store Loyalty mediated by all three value dimensions; Social, Utilitarian and Hedonic.

Hypothesis 4 was accepted as the Relationship Marketing had a significant impact on Store Loyalty mediated by Hedonic Value ($\beta = 0.105$, $p = 0.001$). Also, there was a significant direct effect of Relationship Marketing on Hedonic Value ($\beta = 0.376$, $p = 0.000$). Hypothesis 5 was rejected as Relationship Marketing does not have a significant impact on Store Loyalty mediated by Social Value ($\beta = 0.041$, $p = 0.271$). However, there was a significant direct effect of Relationship Marketing on Social Value ($\beta = 0.476$, $p = 0.000$). Hypothesis 6 was accepted as the Relationship Marketing had a significant impact on Store Loyalty mediated by Utilitarian Value ($\beta = 0.043$, $p = 0.027$). Also, there was a significant direct effect of Relationship Marketing on Utilitarian Value ($\beta = 0.214$, $p = 0.000$). Hence, it seems that Relationship Marketing impacts shoppers' emotional and functional aspects and that will increase their loyalty to the store. The total effect was significant where Relationship Marketing effects Store Loyalty mediated by all three value dimensions; Social, Utilitarian and Hedonic.

Hypothesis 7 was rejected as the Store Atmosphere did not have a significant impact on Store Loyalty mediated by Hedonic Value ($\beta = 0.036$, $p = 0.060$) at 95% Confidence Interval. Although it may be accepted at a 0.1 threshold or 90% Confidence Interval instead of 95%. There was a significant direct effect of Store Atmosphere on Hedonic Value ($\beta = 0.130$, $p = 0.039$). Hypothesis 8 was also rejected as the Store Atmosphere did not have a significant impact on Store Loyalty mediated by Social Value ($\beta = 0.012$, $p = 0.359$). However, there was a significant direct effect of Store Atmosphere on Social Value ($\beta = 0.140$, $p = 0.025$). Hypothesis 9 was accepted as the Store Atmosphere had a significant impact on Store Loyalty mediated by Utilitarian Value ($\beta = 0.051$, $p = 0.016$). Also, there was a significant direct effect of Store Atmosphere on Utilitarian Value ($\beta = 0.254$, $p = 0.000$). Hence, it can be said that Store Atmosphere impacts shoppers' emotional and functional aspects and that will increase their loyalty to the store. The total effect was significant where Store Atmosphere affects Store Loyalty mediated by all three value dimensions; Social, Utilitarian and Hedonic.

Further, there was a significant direct effect of Hedonic Value on Store Loyalty ($\beta = 0.280$, $p = 0.000$) and there was a significant direct effect of Utilitarian Value on Store Loyalty ($\beta = 0.199$, $p = 0.002$). However, there was no significant direct effect of Social Value on Store Loyalty ($\beta = 0.086$, $p = 0.263$). The results show that Social Value has no impact on Shoppers'

Store Loyalty and Utilitarian and Hedonic Value impacts their loyalty. The retailers must therefore focus on the interior layout of the store along with a focus on the five senses of the shopper such as pleasant colors, aroma, music, decorations and lights. Also, ease of mobility and accessibility within the store may help to increase loyalty. Table 9 shows the indirect and total effects as well as the significance of the hypotheses being tested in this study while Table 10 shows the direct effects between the independent, dependent and mediator variables.

Table 9:

Total and Indirect Effects

	Total and Indirect Effects of IV on DV via M	B	T Values	P Values	Status	Hypothesis
	MQ -> SL (Total Effect)	0.093	2.714	0.007	Significant	Accept
H1	MQ -> HV -> SL (Indirect Effect)	0.035	1.584	0.114	Insignificant	Reject
H2	MQ -> SV -> SL (Indirect Effect)	0.005	0.541	0.589	Insignificant	Reject
H3	MQ -> UV -> SL (Indirect Effect)	0.052	2.351	0.019	Significant	Accept
	RM -> SL (Total Effect)	0.188	5.444	0.000	Significant	Accept
H4	RM -> HV -> SL (Indirect Effect)	0.105	3.256	0.001	Significant	Accept
H5	RM -> SV -> SL (Indirect Effect)	0.041	1.102	0.271	Insignificant	Reject
H6	RM -> UV -> SL (Indirect Effect)	0.043	2.224	0.027	Significant	Accept
	SA -> SL (Total Effect)	0.099	3.103	0.002	Significant	Accept
H7	SA -> HV -> SL (Indirect Effect)	0.036	1.883	0.060	Insignificant	Reject
H8	SA -> SV -> SL (Indirect Effect)	0.012	0.919	0.359	Insignificant	Reject
H9	SA -> UV -> SL (Indirect Effect)	0.051	2.413	0.016	Significant	Accept

N = 300; SL=Store Loyalty; SA= Store Atmosphere; MQ= Merchandise Quality; RM= Relationship Marketing; HV= Hedonic Value; UV= Utilitarian Value; SV= Social Value; All values are significant at 95% Confidence Interval

Table 10:

Direct Effects

Direct Effects	B	T Values	P Values	Status
MQ -> HV	0.126	1.902	0.058	Insignificant
MQ -> SV	0.060	0.950	0.343	Insignificant
MQ -> UV	0.263	4.721	0.000	Significant
RM -> HV	0.376	7.128	0.000	Significant
RM -> SV	0.476	11.067	0.000	Significant
RM -> UV	0.214	4.089	0.000	Significant
SA -> HV	0.130	2.065	0.039	Significant
SA -> SV	0.140	2.246	0.025	Significant
SA -> UV	0.254	4.552	0.000	Significant
HV -> SL	0.280	4.309	0.000	Significant
SV -> SL	0.086	1.121	0.263	Insignificant
UV -> SL	0.199	3.191	0.002	Significant

N = 300; SL=Store Loyalty; SA= Store Atmosphere; MQ= Merchandise Quality; RM= Relationship Marketing; HV= Hedonic Value; UV= Utilitarian Value; SV= Social Value; All values are significant at 95% Confidence Interval

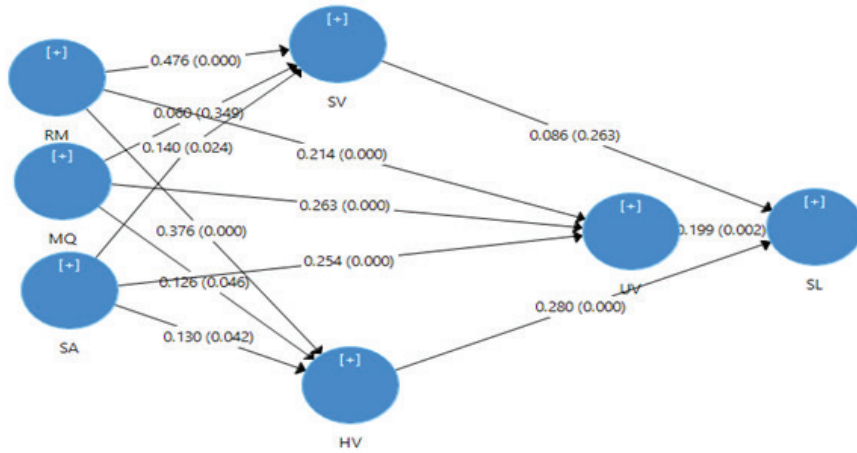


Figure 2: Graphical Presentation of Structural Equation Modeling

5. Discussion

This study tested the relationship between Independent Variables, Dependent Variables and Mediators. According to previous research, the result shows the effective relationship between Customer Value, Customer Store Loyalty and the three independent variables like Relationship Marketing, Store Atmosphere and Merchandise Quality. The result collected from this research gives us the pathway for future research on the impact of different variables on Customer Stores Loyalty. As Customer Store Loyalty is one of the most important factors nowadays, the need for this research was to know the factors which are affecting customer store loyalty and how the customer will remain loyal to a store. To sum up, it can be said that the study supports many other previous research findings and with that, some new findings were also found Morgan and hunt (1994). It was found that customer value mediates a relation between store attributes and customer loyalty. Particularly, Utilitarian and Hedonic Values mediate the relationship between Relationship Marketing, Store Atmosphere, Merchandise Quality and Customer Store Loyalty.

5.1 Theoretical Implications

From a theoretical perspective, this study will provide a clear view of the relationship between Store attributes, customer value and customer loyalty in the Pakistani context. Relationship marketing is a process of maintaining and enhancing relationships with customers and that leads to increasing customer value for that store, ultimately, increasing loyalty. Similarly, consumers place high importance on Store attributes such as ambiance, lighting, and music which impacts their hedonic values and ultimately loyalty.

5.2 *Practical Implications*

From a broader perspective, the findings of this study apply to all the retail businesses around the world. This study can be used by store managers to see how customers are buying products concerning store atmosphere, relationship marketing and merchandise quality. The study can be used by students to understand the conceptual relationships, by marketers to understand consumer values and shape strategies accordingly to capture their loyalty, and by researchers to use the results of this study to develop further theories. However, the study was done on small scale and hence requires further research to understand these relations better.

5.3 *Limitations and Future Research*

The major limitation of this study was that the respondents belong to only one geographical location i.e. Karachi and only two departmental stores were studied which cuts down the diversity in responses. Further, the sample size was 300 which cannot be generalized all over the population in the world. This study will serve as the groundwork for future research. Based on the findings of this study the researchers can re-examine the impact of store atmosphere, merchandise quality, and relationship marketing with the same or some other relatable dependent variable such as customer satisfaction, or customer retention. By adding more specifications or diversity in geographical locations to cover the broader representation of the masses. Future research can also be done using other independent contextual variables. Furthermore, future research can be done on a large scale or in newly opened stores and malls. Researchers may also use different ways of data collection such as mixed methods including interviews and focused groups.

6. **Conclusion**

The findings of this study suggest that the loyalty of customers have been identified as the most important basis for key departmental stores and in developing long-run relations between organizations and consumer. The results showed that there is a direct relationship between store atmosphere and store loyalty of the customer. The strongest variable in our study is Relationship Marketing which has a significant relationship with customer value and customer store loyalty. This research resulted in three factors, including relationship marketing (relationship building and maintenance), merchandise quality (product, price, quality, and place), and store atmosphere (ambiance of the store).

This discussion tells about the relationship between each variable that affects customer loyalty to generate more revenues for the store. For some customers store's image is important, while the quality of service and products are more important for others. The conceptualization and operationalization of relationship marketing implementation were addressed given the elusive nature of the construct (Fournier, 1998). The results of the present

study regarding the customer's value and the store attributes could help the operators of the stores to develop customer loyalty. Therefore, it is important to understand customers' desires to attract and retain their loyalty.

Conflicts of Interest

The author declare no conflict of interest.

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