

**Store Image, Store Satisfaction, and Store Loyalty: A comparison  
between Traditional Supermarkets and Hard Discounters**

Master's Thesis

MSc Economics and Business (Marketing)

Supervisor: Willem Verbeke

Erasmus School of Economics, Department of Business Economics

Erasmus University Rotterdam

Student Name: Sakir Guduk

Student ID: 338827



January 2016

## Acknowledgements

First of all, I want to thank my parents for their unconditional love and boundless support throughout my whole life. Next, I want to thank all of my friends who were always there in need. Especially when I had to visit the supermarkets to get my surveys filled out. It would have been impossible without their help. I would also like to acknowledge the assistance of a friend of mine, Muhammad Adnan Ahmad, for his valuable insights regarding the data analysis.

Finally, I would not be doing justice to this thesis without mentioning the name of my supervisor, Professor Willem Verbeke. I want to express my gratitude to him for providing me feedback, guidelines and directions at every single stage of my thesis. Specially, in building the theory & hypotheses, where I had a lot of questions but he never got tired answering them. I would also like to thank him for showing a great amount of flexibility in scheduling appointments, which helped me a lot.

## Contents

Acknowledgements .....	2
Abstract .....	5
Introduction .....	6
Theory & Hypotheses.....	9
Research Question:.....	9
Store Loyalty.....	9
Store Satisfaction.....	10
Store Image .....	11
Retail Market in the Netherlands.....	12
Hypotheses.....	14
Methodology.....	18
Data .....	18
Measures.....	19
<i>Store Image</i> .....	19
<i>Store Satisfaction</i> .....	19
<i>Store Loyalty</i> .....	19
Methods.....	21
Analysis and Results.....	22
Descriptive Statistics.....	22
Comparing Store Loyalty .....	23
Comparing Store Satisfaction .....	24
Comparing Store Image.....	26
Mediating Role of Store Satisfaction.....	27
Moderated Mediation .....	31
General Discussion .....	34
Conclusion.....	34

Managerial Implications .....	36
Limitations .....	36
References.....	38
Appendix .....	44

## Abstract

Despite the fact that considerable amount of research has been done on understanding loyalty and its determinants, the empirical evidence has been limited both in terms of actual number and scope. Particularly, past research has mainly relied on products or services for understanding loyalty. As a consequence, research in the context of store loyalty and its relationship with store image and store satisfaction has been underdeveloped. Furthermore, the introduction of new retail formats and increasingly intense competition between supermarkets demand a comparative study to investigate the drivers of store loyalty across different retail formats.

Current research builds on the existing knowledge and furthers the understanding of store loyalty by comparing it between traditional supermarket and discounter supermarket. The purpose of this research is to compare store image, satisfaction and store loyalty between traditional supermarket and hard discounter. Moreover, it also examines the established positive relationship between store image, store satisfaction and store loyalty across different retail formats (traditional supermarket and hard discounter).

In order to do this, this research obtains survey based data from the Dutch grocery market. The results suggest that there are significant differences between the consumers of traditional supermarkets and hard discounters regarding their store image, store satisfaction and store loyalty perceptions. Additionally, the study also confirms the indirect effect of store image on store loyalty through store satisfaction. Finally, it is claimed that the indirect effect of store image on loyalty only occurs in the case of traditional supermarkets. In this way, it enhances our current understanding of store loyalty and its drivers and provides useful insights on the Dutch grocery market.

## Introduction

Understanding store loyalty has gained significant attention of both the academicians and practitioners in recent decades. Increasingly intense competition among retailers with the introduction of new store formats and the managerial challenge of increasing store loyalty require in-depth understanding of this multi-faceted construct. Much of the initial research in the retail sector concentrated on the repeat purchase intentions of consumers to measure their loyalty towards the store. However, several criticisms have been raised on the commonly used conceptualisation of store loyalty that only captures the behavioural aspect of consumer loyalty (i.e. their intentions to visit the store again) (Mellens, Dekimpe & Steenkamp, 1997). Researchers argued that repeat purchasing behaviour only captures the behavioural aspect of store loyalty which leads to spurious loyalty (Jacoby & Chestnut, 1978; Dick & Basu, 1994; Bloemer & Ruyter, 1998). In addition to repeat purchases, psychological commitment to a retail store is identified as a necessary condition for true loyalty to occur.

Moreover, the exact relationship between store loyalty and its determinants is still unclear. There has been some significant research in the past which indicates that satisfaction and loyalty are positively related (Fornell et al., 1996; Hallowell, 1966; Kasper, 1988). However, their main focus was on loyalty towards a brand or product. As a consequence, there is dearth of evidence suggesting positive relationship between store satisfaction and store loyalty is limited. In this context, researchers have claimed that store loyalty is also positively associated with store image and store satisfaction (Bloemer & Ruyter, 1998; Koo, 2003). However, there is mixed evidence on the exact relationship between store image, store satisfaction and store loyalty. Bloemer and Ruyter (1998) found that store image influences satisfaction with the store which in turn affects store loyalty. But in the study of Cronin and Taylor (1992), the results turned out in the opposite direction. Therefore, how store image, store satisfaction, and store loyalty influence each other still demands scholarly attention. For instance, it seems intriguing to investigate whether there is a direct relationship between store image and store loyalty or an indirect relationship through store satisfaction.

In addition to that, grocery retail industry has changed dramatically over the past few decades with increasingly competitive market and declining growth both in the US and in Europe. Retailers are facing problems regarding acquiring and retaining customers while maintaining their profits, which demand them to rethink their business to sustain their competitive position. Consumers' shopping patterns have also shifted from single store

shopping to portfolio basis (Kau & Ehrenberg, 1984). Since the beginning of the 21<sup>st</sup> century, one of the most prominent developments in grocery retailing is the growing popularity of hard-discounter retail format. With rock-bottom prices and minimal assortments, they have gained a significant market share in many European countries (Gronhaug, 2005). On one side, the evidence suggests that hard-discounters have been able to steal substantial portion of traditional supermarkets' customer base (Taylor, 2003; Berner et al., 2004; ACNielsen, 2004). On the other side, Van Heerde et al., (2008) indicates that the entry of hard discounters do not affect the loyal customer base of traditional supermarkets. The authors suggest that hard discounters might get a portion of the spending of the customers who are loyal to a single store, but they do not influence the quality-oriented customer base of a traditional supermarket. And the customers who defect to hard discounters are mainly those who already visit multiple stores and replace one of the traditional supermarkets with the hard discounter.

Despite these pressing messages, there is a dearth of empirical research that compares store loyalty between different retail formats. The prime focus of the past research has been on the interrelationships between store loyalty, store satisfaction and store image based on a certain retail format. There is less or no empirical evidence on the cross comparison of store loyalty and its drivers in the context of different retail formats. In this vein, a study by Kristensen et al., (2001) indicates that store loyalty varies across different retail formats. Since different retail formats have different store profiles, it can be speculated that the relationship between store image, store satisfaction, and store loyalty might also depend on the type of store. Thus, it appears interesting to extend the phenomenon of store loyalty into different retail formats by empirically examining it between a traditional supermarket and hard discounter.

This research empirically investigates store loyalty based on the so called conceptualisation of true store loyalty between traditional supermarket and hard discounter. In this way, it provides a new perspective in relation to its existence in different retail formats. It also examines the existing positive relationship between store image, store satisfaction, and store loyalty, and extends it to see if the relationship differs between traditional and discount supermarket. Furthermore, it delivers useful insight on the behaviour of the Dutch consumers, since no such research has been conducted in the Dutch grocery retailing environment. The rest of the study begins with the review of literature on store loyalty and its drivers, which leads to several hypotheses that are tested in this study. Next, it

describes the data and methodologies for testing the proposed hypotheses. Then, it discusses the analysis and results. Finally, it suggests managerial implications and possible avenues for future research.

## Theory & Hypotheses

### Research Question:

*Do the shoppers of traditional supermarkets tend to be more loyal than the shoppers of hard discounters?*

### Store Loyalty

Building customer loyalty has always been at the core of marketing strategies because the cost of retaining existing customers is less than attracting new ones (Reichheld, 1996; Birgelen et al., 1997; Knox & Walker, 2001). It holds a strategic importance, especially, for the grocery retail industry where retailers are losing 25 percent of their customers every year (Seiders & Tigert 1997). Rapid transformation of the retailing industry with the introduction of new retail formats (e.g., discount stores, specialty stores) has necessitated that retailers should attract and hold customers to remain profitable. Therefore, the understanding of store loyalty, its dimensions and levers have been a common area of interest for both the academicians and practitioners.

The phenomenon of store loyalty has its roots in the concept of brand loyalty. Na, Marshall and Keller (1999) suggest that loyalty results from strong positive association towards a brand. In other words, customers are seen to be loyal if they develop favourable attitudes towards different attributes of a brand. Similarly, if customers attach positive feelings towards various attributes of a store, they would be more likely to visit it again. According to Jacoby and Chestnut (1978), much of the research in the beginning focussed on the behavioural aspect of loyalty. For instance, Brown (1952) claimed that a customer is treated to be loyal if he/she consistently purchases a single brand. Similarly, Charlton and Ehrenberg (1976) suggested that from a set of three brands, a customer has to be made four or more purchases of the same brand in a 6-week period for brand loyalty to occur. And several other researchers concentrated on similar measures to capture customer loyalty (Tucker, 1964; McConnell, 1968). However, it has been argued that such behavioural measures for loyalty are often inadequate in explaining why and how loyalty occurs (Jacoby & Chestnut, 1978; Dick & Basu, 1994; Bloemer & Ruyter, 1998). In fact, it merely represents the actual revisiting of a store without any psychological associations or commitments towards it.

The underlying premise is that customers who do not exhibit any commitments to their preferred store cannot be loyal because they can be easily lured away by competitors

through various marketing tactics such as discounts (Bloemer & Ruyter, 1998). Similarly, (Dick & Basu, 1994) proposed that store commitment is a necessary condition for store loyalty to exist otherwise such repeat visiting behaviour results into spurious loyalty directed by inertia. In relation to brand loyalty, Knox and Walker (2001) included both the behavioural measure such as brand buying behaviour and brand commitment to conceptualise brand loyalty. These researchers found that true loyalty occurs when customers also show positive attitude towards a store by making commitments to their store choice. Thus, it seems acceptable that in addition to the behavioural aspect like repeat visiting behaviour, it is essential to include store commitment to construct a true measure for store loyalty (Koo, 2003).

Therefore, store loyalty can be defined 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” (Bloemer & Ruyter, 1998, p. 500) which is based on the definition of Jacoby and Chestnut (1978). The crucial aspect of this definition of Bloemer and Ruyter (1998) is store commitment which they define as “the pledging or binding of an individual to his/her store choice”.

### **Store Satisfaction**

Satisfaction holds significant position in service marketing literature. However, there is mixed evidence regarding the occurrence of satisfaction. Some researchers argue that satisfaction the resulting outcome of service quality (Anderson & Sullivan, 1993; Anderson et al., 1994; Cronin & Taylor, 1992). In this perspective, satisfaction is defined as “post-consumption evaluation of service quality (Anderson et al., 1994, p. 245). On the other side, for some satisfaction is regarded as an antecedent to service quality (Bitner, 1990; Bitner & Hubert, 1994). Moreover, some classifies satisfaction and service quality as unrelated (Dabholkar, 1995; Cronin & Taylor, 1992).

Store satisfaction is recognised as an antecedent of store loyalty (Bitner, 1990; Bloemer & Ruyter, 1998). According to Bloemer and Ruyter (1998), satisfaction can be defined as “the outcome of the subjective evaluation that the chosen alternative (the store) meets or exceeds expectations (p. 501).” This definition is based on the conceptualisation of satisfaction from the disconfirmation paradigm (Oliver, 1980). This paradigm suggests that satisfaction is believed to occur through a matching of expectations and perceived

performance. For this purpose, consumers make comparison between expectations and perceived performance by evaluating their preferred store. Specifically, Bloemer and Ruyter, (1998) referred to two different types of satisfaction in their research, manifest and latent satisfaction. They suggested that manifest satisfaction results from a well elaborated evaluation of a store whereas latent satisfaction occurs when consumers fail to evaluate a store. This concept of elaborated evaluation is based on the elaboration likelihood model (Petty et al., 1983) which suggests that consumers must have both the ability and motivation to evaluate a store. In the absence of that motivation and ability to elaborate on the evaluation of store satisfaction is only latently present and leads to spurious store loyalty.

Despite that, some criticism suggests that expectation portion provides no additional information beyond which can be obtained by simply measuring it through consumer perceptions, and it may cause problems in reliability, discriminant validity and variance restriction (Brady et al., 2002).

## **Store Image**

It is widely accepted that store image has a substantial impact in developing store loyalty (Martineau, 1958; Lindquist, 1974; Bearden, 1977; Nevin & Houston, 1980; Bloemer & Ruyter, 1998; Koo, 2003). Theoretically foundations of store image are derived from brand image. Brand image is defined as “perceptions about a brand as reflected by the brand associations held in consumer memory (Keller, 1993, p. 3).” Brand image represents consumer perceptions about various attributes of a particular brand.

In the similar way, store image can be expressed as store associations consumers hold with different attributes of a certain store. Store image has been conceptualised in many different ways in the past. For instance, Lindquist (1974) proposed nine different elements to conceptualise store image: merchandise, service, clientele, physical facilities, comfort, promotion, store atmosphere, institutional and post-transaction satisfaction. Bearden (1977) came up with the following seven dimensions for store image: price, quality of the merchandise, assortment, atmosphere, location, parking facilities and friendly personnel. In a recent study, Ghosh (1990) suggested that store image should be composed of different components of the retail marketing mix. These components are: location, merchandise, store atmosphere, customer service, price, advertising, personal selling and sales incentive programs.

Most of these studies base their foundations of store image on the attitude formation theory, the multi-attribute model, where image is treated as a function of the (salient) attributes of a particular store that are evaluated and weighted against each other (James et. al.1976; Bloemer & Ruyter, 1998; Koo, 2003). Specifically, store image is defined as a set of attitudes based on the evaluation of those store attributes which are considered most important by consumers (James et. al.1976). In addition to that, it is also stressed that apart from the functional qualities of a store non-functional elements also play vital role in the formation of store image (Martineau, 1958; Koo, 2003). Therefore, store image is composed of consumer perceptions of both the functional and non-functional elements of a store.

For this research I prefer the definition of Bloemer and Ruyter (1998) who defined store image as “the complex of a consumer’s perceptions of a store on different (salient) attributes.

### **Retail Market in the Netherlands**

The Dutch retail market consists of various supermarkets and stores which all try to attract and retain customers for profitability (van Heerde et al., 2008). Approximately 80 percent of the food retail outlets in the Netherlands are supermarkets and the remaining 20 percent includes convenience stores, wholesalers and superstores with the total turnover of 33.5 billion Euros (Pinckaers, 2012). In addition to traditional food retailing, other formats such as discounters have also gained popularity in the Netherlands. According to their market shares, the top five retailers in the Netherlands are Albert Heijn (33.6 %), Jumbo (11.5 %), Aldi (7.9%), Plus (6.0%) and Lidl (5.0%) (Pinckaers, 2012). Among these top five, Aldi and Lidl are hard discounters which have gained significant popularity in recent years.

All of these supermarkets have different characteristics, implement different marketing strategies, and appeal to diverse consumer groups. For example, market leader Albert Heijn is known for its high service quality, high product quality and variation and high quality promotion campaigns. Jumbo focuses on high service quality, high product quality and variation, but guaranteed low prices. Aldi, which is a leading hard discounter, offers products at extremely low prices with limited range and provide simple shopping atmosphere. Plus provides high service quality, high quality promotion campaigns and low prices. Finally, Lidl, which is another discount supermarket, offers exceptional low prices, simple shopping atmosphere and low service quality to its consumers.

Since the context of this research is to examine store loyalty across between traditional supermarkets and hard discounters, I consider one supermarket from each category. Therefore, Albert Heijn and Lidl will be used to investigate the behaviour of Dutch shoppers across traditional supermarkets and discount supermarkets. Since both of these supermarkets have different retail formats and significant market shares in their category, it seems reasonable to use them for comparing store loyalty across traditional supermarkets and discount supermarkets. Albert Heijn which is known for its high quality products and services with a wide range of product assortments will be used as a reference to traditional supermarkets. On the other hand, Lidl, which is known for its discounted prices, will represent hard discounters. Therefore, these two supermarkets seem valid and reliable sample to study consumers store choice behaviour in the Dutch grocery retailing market.

## Hypotheses

Due to switching of consumer patronage from supermarkets to discounters (McGoldrick & Andre, 1997), maintaining store loyalty has become a major issue for retail store managers. Considerable amount of research has been done in the past to understand store loyalty and its determinants (Jacoby & Chestnut, 1978; Bloemer & Ruyter, 1998). However, less or no attempt has been made yet to examine store loyalty across different retail formats. This concern stems from the decomposition of store loyalty into behavioural loyalty and attitudinal loyalty (Bloemer & Ruyter, 1998; Bloemer & Poiesz, 1989) where the behavioural aspect refers to the repeat purchase behaviour and the attitudinal aspect depicts commitment to a store. It is suggested that attitudinal loyalty is a necessary condition, in addition to behavioural loyalty, for true loyalty to exist (Knox & Walker, 2001; Caruana, 2002; Koo, 2003).

For instance, consumers of both retail outlets may appear to be loyal from their behaviour, purchase frequency, whereas differ in terms of their commitments towards a store which subsequently affects their loyalty. In this regard, Denison and Knox (1993) classified consumers with high repeat purchases but low commitment level as “habituals” because their relationship with a store is merely a part of their habit. A similar classification of consumers has been given by Dick and Basu (1994), where the “habituals” category is referred to “spurious loyalty”. Thus, it is essential to distinguish loyal consumers from habituals.

Habit is defined as a person’s psychological dispositions to repeat past behaviour (Neal et al., 2012; Shah et al., 2014). Understanding consumers’ habitual behaviour holds a significant position in the marketing literature. Several researchers have examined customers’ habitual purchase behaviour in terms of their past purchases and store loyalty (Bell et al., 1998; Corstjens & Lal, 2000; Liu-Thompkins & Tam, 2013). This is especially relevant for retail stores as their marketing actions play a vital role in developing customer habits (Shah et al., 2014). The authors suggest that beyond repeat purchase, consumers’ habitual behaviour can also be exhibited in other forms such as purchasing during promotions. Moreover, Van Heerde et al., (2013) suggest that customers who defect to hard discounters are mainly those who already visit multiple stores and replace one of the traditional supermarkets with the hard discounter. Therefore, I suspect that the prevalence of the habitual behaviour among discount supermarkets’ consumers would be higher as the discount supermarkets offer high discounts and more frequent promotions as compared to traditional supermarkets. As a consequence, it

seems interesting to examine store loyalty between traditional supermarkets and hard discounters. On the basis of this discussion, I formulate my first hypothesis as:

***H1:** The consumers of traditional supermarkets tend to be more loyal than the consumers of hard discounters.*

Satisfaction is often regarded as a prerequisite of store loyalty. The above hypothesis is based on the assumption that the consumers of supermarkets are psychologically more committed i.e. their attitudinal loyalty with the supermarket is higher than the consumers of hard discounters. Based on the existing positive relationship between satisfaction and loyalty, it seems reasonable to assume that the attitudinal loyalty can also be explained from their satisfaction with the supermarket. In this regard, Dick and Basu (1994) in their study on relative attitudes, also view satisfaction as an affective antecedent of relative attitude. Therefore, one may assume that traditional supermarkets' consumers might be more satisfied with their stores. In this regard, McGoldrick & Andre, (1997) found that loyal shoppers of a traditional superstore are highly satisfied with their store choice. In fact, one aspect of this assumption lies in the characteristics of retail formats. As the key focus of discounters is on the product-related attributes (Yoo et al., 1998), they neglect non-product related attributes which have a major influence on consumer satisfaction. For instance, service quality is one of the dimensions on which satisfaction is based (Fornell et al., 1996; Sivades & Baker-Perwitt, 2000). Moreover, Sivades & Baker-Perwitt (2000) posit that service quality is positively associated with satisfaction and relative attitude. Therefore, the assumption that traditional supermarkets' consumers are more satisfied is in line with the existing literature. Based on this, my second hypothesis is:

***H2:** The consumers of traditional supermarkets tend to have higher store satisfaction than the consumers of hard discounters.*

The significance of store image in establishing store loyalty is well-known in retail literature. Store image is characterised by consumers' perceptions of a store on various product and non-product related attributes. Consumers' loyalty towards a certain store depends on their image of that certain store (Osman, 1993). Therefore, the more favourable the store image, the higher the valence of the store to the consumer (Bloemer & Ruyter, 1998). Similar to the hypotheses mentioned above, I also expect a difference in the store image between the consumers of supermarkets and discounters. In particular, I expect the

store image of traditional supermarkets to be more favourable. This assumption is based on the strong emphasis on the non-product related attributes of stores in the past and their impact on store image, attitudes and store loyalty (Yoo et al., 1998; Koo, 2003 & Teller, 2009). In particular, Koo (2003) in their research in the discount retail sector indentified that store atmosphere, employee service and after sale service in addition to merchandising have a strong positive influence on the overall attitude towards a discount store. The study suggests that, despite the fact that the consumers of discounters focus more on the product related aspects, non-product related aspects also play role in their store image perceptions. However, there is no or less comparative evidence on the store image between different retail formats. In this study, I empirically compare the store image of the consumers of traditional supermarkets and discounters. As the non-product related profiles of traditional supermarkets are better than discounters in general, I suspect that it may influence their image perceptions consequently. So, my third hypothesis is:

***H3: The consumers of traditional supermarkets tend to have more favourable store image than the consumers of hard discounters.***

Considering the fact that the relationship between satisfaction and loyalty is positive, in general, the empirical evidence in the retail environment is remained limited, both in actual number as well as in scope. Most of the studies on the relationship between satisfaction and loyalty have been concentrated on products and services (Burmam, 1991; Bloemer & Lemmink, 1992; Bloemer & Kasper, 1995). Consequently, the explicit relationship in the retail sector (i.e. store satisfaction and store loyalty) requires further research. Furthermore, store image is also identified to be an antecedent of store loyalty (Osman, 1993). However, the exact relationship, whether direct or indirect, between store image and store loyalty is still unclear. Some suggest that store image has a direct effect on store loyalty whereas found the store satisfaction acts as mediator between store image and store loyalty (Doyle & Fenwick, 1974; Houston & Nevin, 1981; Bloemer & Ruyter, 1998). Thus it seems reasonable to re-examine this relationship in the context of this research.

Despite the fact that some studies suggest a positive relationship between store image, store satisfaction, and store loyalty (Bitner, 1990; Bloemer & Ruyter, 1998), they are concentrated to a particular retail format. Specifically, there is no study up to my knowledge which compares these relationships across different retail formats. Hence, it is still unclear whether the exact same relationship exists across different store formats. For instance,

whether the relationships between store image and store loyalty, direct or indirect, would remain the same across traditional supermarkets and hard discounters. As discussed above that, discount supermarkets are mainly focussed on providing product/price benefits to their consumers, they neglect non-product related store features (such as atmosphere, service quality etc.) which are positively associated store loyalty (Fornell et al., 1996; Sivades & Baker-Perwitt, 2000). Moreover these non-product related feature are a part of store image which is identified as an antecedent of store loyalty and store satisfaction (Osman, 1993; Bloemer & Ruyter, 1998). This suggests that the more favourable the store image, higher will be store satisfaction which will increase store loyalty. Since traditional supermarkets generally have better store profile based on their equal focus on both the product and non-product related feature, it can be speculated that the indirect effect store image on store loyalty via store satisfaction will be moderated by the type of supermarket. Based on the above discussion I advance the following hypothesis:

**H4:** *Store image has an indirect effect on store loyalty through store satisfaction (i.e. store satisfaction acts as a mediator).*

**H5:** *Store image has an indirect effect on store loyalty through store satisfaction only for traditional supermarkets (i.e. store satisfaction acts as mediator only in the case of traditional supermarket).*

To summarize, this research empirically investigates store image, store satisfaction, and store loyalty across traditional supermarkets and hard discounters. In particular, the concept of store loyalty is studied by including the aspect of store commitment. In addition to that, it investigates the existing the relationships between store image, store satisfaction, and store loyalty by re-examining them and extending them to the context of different retail formats. In doing so, the research contributes significantly to the current body of knowledge on store loyalty and provides useful insight on the behaviour of the Dutch consumers of two different store categories which holds importance for practitioners.

## Methodology

### Data

In order to test the proposed hypotheses, this research obtains survey based data from the Dutch grocery market. From the Dutch grocery market, Albert Heijn is chosen as a store in the traditional supermarket category and Lidl in the hard discounter. Both of these stores provide a good representation of the respective categories based on their store profiles and market share. A total of 80 subjects with 40 subjects in each supermarket category completed the survey.

The survey was based on consumer perceptions regarding store image, store satisfaction, store loyalty, and some other aspects of consumer behaviour including their demographics. Five-point Likert scale (1= “completely disagree” and 5= “completely agree”) was used for all the survey items regarding consumer perceptions. Subjects were first asked questions regarding their satisfaction. Then, there were asked to rate their commitment and intentions to visit the store again. After that, consumers completed survey items about various aspects of store image. There were some additional questions about their decision making. Finally, there was some demographic information such as age, gender, education level and monthly household income.

Below you will find the distribution of subjects between traditional supermarket and hard discounter based on their demographic characteristics. It is clearly visible in the table given below that subjects are fairly distributed between the two supermarkets according to their demographic profiles.

Table 2

<i>store type</i>	<i>(n)</i>	<i>age</i>	<i>gender</i>		<i>level of education</i>			<i>level of income</i>		
			<i>Mean</i>	<i>Male</i>	<i>Female</i>	<i>MBO</i>	<i>HBO</i>	<i>WO</i>	<i>1501-2000</i>	<i>2001-2500</i>
Traditional	40	36-45	57.5%	42.5%	42.5%	22.5%	7.5%	37.5%	35%	17.5%
Discounter	40	36-45	62.5%	37.5%	30%	25%	5%	45%	17.5%	20%

## Measures

The main variables examined in this research were store image, store satisfaction, and store loyalty between two different supermarkets.

### *Store Image*

In the past, researchers defined store image as a multi-faceted construct which include consumer's perceptions of a store on different (salient) attributes (Bloemer and Ruyter, 1998). Therefore, I used a self constructed eight-item scale to measure store image which include consumers perceptions about store atmosphere, product assortments, service quality, location, promotions and discounts, convenience facilities, and overall value for money.

### *Store Satisfaction*

Bloemer and Ruyter (1998) defined satisfaction as “the outcome of the subjective evaluation that the chosen alternative (the store) meets or exceeds expectations”. Consistent with their definition I adopted two-item scale to measure satisfaction with the store from Brady et.al. (2001).

### *Store Loyalty*

Research have argued that in the absence of the attitudinal aspect of store loyalty (i.e. store commitment) a patron to a store is merely spuriously loyal, that is repeat visiting behaviour is directed by inertia (Dick and Basu, 1994). Thus, in order to investigate the difference in the degree of loyalty towards traditional supermarkets and discount stores I will include both the traditional (behavioural) perspective of loyalty well as the (attitudinal) aspect of store commitment.

In order to capture store loyalty respondents will be first presented with two-item commitment scale adopted from Jacoby and Chestnut (1978) and one self-constructed item to measure customer commitment, followed by three-item scale for intentions to revisit the store from Macintosh and Lockshin (1997). Commitment scale together with the loyalty scale will be used to measure consumer loyalty.

In the following table I have shown the factor analysis I conducted on the survey items. It can be seen that almost all of the items were loaded high on their respective constructs with the exception of one item for store commitment and three items for store

image which did not load high on the same construct. I excluded these items from further analysis.

<b>Factor Analysis</b>		
<b>Extraction: Principal Component Analysis, Rotation: Varimax</b>		
<b>Construct</b>	<b>Scale</b>	<b>Loadings</b>
Commitment	I am committed to maintaining my purchasing at this supermarket.	.90
	I plan to maintain my general shopping habits at this supermarket.	.91
	I do not think of shopping at any other supermarket.	.44
Intention to revisit	In the future, my shopping at this supermarket will be very frequent.	.90
	In the future, my shopping at this supermarket will be very likely.	.95
	In the future, my shopping at this supermarket will be very possible.	.92
Satisfaction	I am satisfied with my decision to purchase products at this supermarket.	.94
	When I finish shopping and come out of this supermarket, I thought I did the right thing.	.94
Image Dimensions	I think that the store atmosphere, such as store layout, shelves and merchandise display of this supermarket is very pleasant.	.82
	I think that the service quality of this supermarket regarding personal interaction with employees is very friendly.	.84
	I think that this supermarket offers several convenient facilities such as wide parking space, ATM's, drug store, kid's entertainment and one stop shopping facilities.	.77
	I think that this supermarket is located close to my house and it is easily accessible through public transportation.	.43
	I think that this supermarket has a huge variety of products.	.88
	I think that the prices of this supermarket are fair.	-.21
	I think that this supermarket gives several discounts and promotions on their products.	.29
In general, I think that this supermarket provides me with a good value for money I spend here.	.05	

## Methods

In the next section you will find a comprehensive explanation of the methods I used to test the hypotheses. Here, I am only providing a brief overview. In the first three hypotheses (H1, H2, and H3), the purpose is to see if there is any differences between the consumers of traditional supermarket and hard discounter regarding their store loyalty, store satisfaction, and store image. Since one can see that the underlying logic is to examine the differences between two independent groups, I utilized independent-samples t test technique to test these differences.

In the next two hypothesis (H4 and H5), I am extending the study to see the relationships between store image, store satisfaction and store loyalty. In particular, I was expecting to find mediating effects of store satisfaction and whether these effects are further moderated with the type of store. Therefore, I used linear regression models to conduct the mediation analysis. One can conduct the mediation analysis by using linear regression items in the SPSS menu. However, I utilised the PROCESS SPSS application provided by Hayes (2013). Due to convenience and the capacity of the PROCESS SPSS application to provide additional insights, I preferred it over the regular procedure for testing the mediation effects. Furthermore, I wanted to see whether the mediating effects hold across both of the store types. I hypothesized that the mediating effects only occur for the consumers of traditional supermarket. In order to test the significance of the mediating effects between traditional supermarket and hard discounter, I applied the conditional process model presented by Hayes and Preacher (2013) using the PROCESS SPSS application.

## Analysis and Results

In the following chapter, the proposed hypotheses are tested using the methodologies discussed in the methodology section and the results are presented.

### Descriptive Statistics

Before conducting formal analysis, the table given below presents some descriptive statistics of the variables used in this research. Table 3(a) shows how consumer ratings regarding store loyalty, store satisfaction, and store image are distributed across traditional supermarket and hard discounter. First, the total number of subjects for each supermarket is given. Then, the average ratings and standard deviations of the variables being examined are presented.

Generally, it is apparent from the table that consumers of the hard discounter provided higher ratings for their store with respect to store loyalty and store satisfaction. Hard discounter's consumers appear to be more loyal (4.06) and highly satisfied (4.22) as compared to the consumers of traditional supermarket (3.47 and 3.88). However, consumers of traditional supermarket have more favourable store image (4.04) than the consumers of hard discounter (3.63). These preliminary statistics suggest that only the perceptions of store image appear to be consistent with my expectations (i.e. Hypothesis 3). Store loyalty and store satisfaction turns out against my expectations in Hypothesis 1 and Hypothesis 2.

Table 3(a)

<i>store type</i>	<i>(n)</i>	<i>store loyalty</i>		<i>store satisfaction</i>		<i>store image</i>	
		mean	std. deviation	mean	std. deviation	mean	std. deviation
Traditional	40	3.47	1.08	3.88	.99	4.04	.64
Discounter	40	4.06	.83	4.22	.82	3.63	.81

Furthermore, current research suggests that consumers of traditional supermarket have higher store loyalty both regarding their attitude (commitment) and behaviour (repurchasing intentions). Table 3(b) presents average ratings for these two dimensions of store loyalty (attitudinal and behavioural) across traditional supermarket and hard discounter. It is clearly

visible that the ratings of hard discounter's consumers are higher for both of the dimensions of store loyalty (4.06, 4.0). Therefore, it seems reasonable to assume that hard discounters have more loyal consumers both in terms of their behaviour as well as their attitude towards the store.

Table 3(b)

<i>store type</i>	<i>(n)</i>	<i>store loyalty</i>	
		repurchase intentions	commitment
Traditional	40	3.53	2.85
Discounter	40	4.06	4.00

### Comparing Store Loyalty

In the previous section, I presented the descriptive statistics of consumer perceptions of traditional supermarket and hard discounter. However, the statistical significance of the hypotheses advanced in this study has yet to be examined. My first hypothesis was:

***H1: The consumers of traditional supermarkets tend to be more loyal than the consumers of hard discounters.***

In order to test this hypothesis, I conducted independent-samples t test on the study samples of both of the supermarkets. The purpose of the first hypothesis is to test whether consumer loyalty differs between traditional supermarkets and hard discounters. Specifically, first hypothesis suggests that the consumer loyalty is higher for traditional supermarkets as compared to hard discounters. Therefore, independent-samples t test appears to be an appropriate technique for analysing the given hypothesis because it compares two independent samples.

Tables 4(a) and (b) given below depict that the first hypothesis that consumers of traditional supermarket tend to be more loyal is not supported. First you can see in table 4(a) that store loyalty of the consumers of traditional supermarket (3.47) is lower than the consumers of hard discounter (4.06). The consumers of hard discounters have higher store loyalty in contrast to my proposed hypothesis. Furthermore, we can see in the second table the statistical significance of this difference between store loyalty towards traditional

supermarket and hard discounter. In table 4(b) we will rely on the middle row (Equal variances assumed) because the assumption of the equality of variance between traditional supermarket and hard discounter is satisfied as the p-value of (.089) is higher than .05. Assuming that the variance is equal between the two samples, it can be seen that the difference between them is statistically significant with the two-tailed p-value of (.008) which is less than the alpha value of (.05). However, this p-value is two-tailed whereas our hypothesis requires one-tailed p-value. One tailed p-value is .004 (.008/2) which suggests highly significant difference between the two samples. Therefore, it can be concluded that it is the hard discounter, not the traditional supermarket, which has higher store loyalty and that is statistically significant. One of the reasons might be that consumers of hard discounters tend to visit their store more often as compared to the consumers of traditional supermarkets and are more committed to revisit because of the cheap prices and continuous discounts given by hard discounters.

Table 4(a)

<i>store type</i>	<i>(n)</i>	<i>mean</i>	<i>std. deviation</i>
Traditional	40	3.47	1.08
Discounter	40	4.06	.83

Table 4(b)

	<i>F</i>	<i>sig.</i>	<i>t</i>	<i>df</i>	<i>sig. (2-tailed)</i>	<i>mean difference</i>	<i>std. error difference</i>
Equal variances assumed	2.96	.089	-2.70	78	.008	-.58	.21
Equal variances not assumed			-2.70	72.98	.009	-.58	.21

## Comparing Store Satisfaction

In the second hypothesis I proposed that:

**H2:** *The consumers of traditional supermarkets tend to have higher store satisfaction than the consumers of hard discounters.*

Similar to the previous section, I again applied independent-samples t test to see if there is any significant differences between the satisfaction of the consumers of traditional supermarket and hard discounter. Because the logic of the second hypothesis is similar to the first hypothesis except that now I am examining the difference between store satisfactions than store loyalty.

In tables 5(a) and (b) given below, it can be seen that the second hypothesis is also not supported. Table 5(a) shows that traditional supermarket's consumers are less satisfied with their average ratings of (3.88) as compared to the consumers of hard discounter (4.22). Thus, it is clear that in contrast to my hypothesis traditional supermarket's consumers do not have higher store satisfaction. Moreover, we can see whether higher stores satisfaction of the consumers of hard discounters is statistically significant or not. In order to test this, first we can check the assumption of the equality of variance in table 5(b). It appears that the assumption is satisfied because the p-value is (.46) which is higher than the alpha value of (.05). Thus, the null hypothesis that the variance is equal between groups is not rejected. Then, we can see that the two-tailed significance value of (.10) is greater than the alpha value of (.05). Again, this is a two-tailed p-value. One-tailed p- value of .05 (.10/2) suggests that the consumers of traditional supermarkets have lower store satisfaction and this is statistically significant, in opposite to my hypothesis.

Table 5(a)

<i>store type</i>	<i>(n)</i>	<i>mean</i>	<i>std. deviation</i>
Traditional	40	3.88	.99
Discounter	40	4.22	.82

Table 5(b)

	<i>F</i>	<i>sig.</i>	<i>t</i>	<i>df</i>	<i>sig. (2-tailed)</i>	<i>mean difference</i>	<i>std. error difference</i>
Equal variances assumed	.53	.46	-1.65	78	.10	-.33	.20
Equal variances not assumed			-1.65	72.84	.10	-.33	.20

## Comparing Store Image

The third hypothesis advanced in this study was:

**H3:** *The consumers of traditional supermarkets tend to have more favourable store image than the consumers of hard discounters.*

Like previous two sections, the following analysis is also based on independent-samples t test. Here, again I am interested to see the difference between the ratings of two independent groups. That is the difference between the perceptions of store image between the consumers of traditional supermarket and hard discounter.

Tables 6(a) and (b) presents the statistical analysis for the given hypothesis. The results presented below clearly support the hypothesis mentioned above suggesting that indeed traditional supermarket's consumers have more favourable store image than hard discounter's consumers. In table 6(a), it is shown that that the consumers of traditional supermarket have more favourable store image ratings (4.04) than the consumers of hard discounters (3.63). Furthermore, we can see the statistical significance of this difference. First it can be seen in table 6(b) that the assumption of equal variance is satisfied because the p-value of (.38) is higher than .05. Thus, the null hypothesis of the equality of variance is not rejected. Furthermore, the two-tailed significance value is (.01) which is lower than the alpha value of (.05). If we take the one-tailed p-value for our hypothesis, that is .00 (.01/2), it suggests the statistical significance of the difference at 1% significance level. Therefore, the third hypothesis gets highly significant support that the consumers of traditional supermarkets have more favourable store image perceptions.

Table 6(a)

<i>store type</i>	<i>(n)</i>	<i>mean</i>	<i>std. deviation</i>
Traditional	40	4.04	.64
Discounter	40	3.63	.81

Table 6(b)

	<i>F</i>	<i>sig.</i>	<i>t</i>	<i>df</i>	<i>sig. (2-tailed)</i>	<i>mean difference</i>	<i>std. error difference</i>
Equal variances assumed	.78	.38	2.49	78	.01	.41	.16
Equal variances not assumed			2.49	74.33	.01	.41	.16

### Mediating Role of Store Satisfaction

In this section, I am going to examine the mediation effects of store satisfaction. In the past, researchers proposed that store satisfaction plays a mediating role for the relationship between store image and store loyalty. Therefore, I am going to re-examine this proposition to see whether after keeping the store type (i.e. traditional or discounter) constant, store satisfaction still mediates the effect of store image on store loyalty. For this purpose, I advanced the following hypothesis:

**H4:** *Store image has an indirect effect on store loyalty through store satisfaction (i.e. store satisfaction acts as a mediator).*

In order to test the mediation effects, I utilized the PROCESS SPSS application provided by Hayes (2013). One can also conduct mediation analysis by using regular linear regression items in SPSS menu. However, I preferred PROCESS application due to its convenience and capacity to give additional insights. To see if the mediation is happening and the significance of mediating variable, we have to check the relationships between the independent, dependent and mediating variable. For instance, first we have to see if the independent variable has a significant effect on the dependent variable. Second, we have to find out if the independent variable is also affecting the mediating variable. Third, we have to test if the mediating variable has an effect on the dependent variable. Finally, we have to confirm that the impact of the independent variable on dependent variable disappears completely (or reduces significantly) with the presence of the mediating variable in the model. If the effect of independent variable disappears, we can conclude that there is full mediation.

In the tables given below (6(a), (b), and (c)), the whole analysis is presented. The results are in line with the hypothesis confirming the mediating effect of store satisfaction. In

the first table, Table 6(a), the effect of the independent variable, which is store image in this study, on the dependent variable (store loyalty) is given. Covariates such as gender, age, education, household, and store type are used as controls. First we can see in the bottom row that the F statistics is (5.16) with the p-value of .00 which suggests the significance of the model. Moreover, it can be seen that store image has a positive effect of (.39) on store loyalty. This suggests that increase in store image increases store loyalty. It is also apparent that the p-value of (.00) for the effect estimate is less than .05. Therefore, it is confirmed that store image has a significant effect on store loyalty.

Notice that I am not converting the two-tailed p-value in this section and in the following ones to one-tailed because my concern is to only see the significance of the effects rather than the direction.

Table 6(a)

Outcome variable: store loyalty

	<i>B</i>	<i>S.E.</i>	<i>t</i>	<i>sig.</i>
constant	1.16	0.77	1.50	0.13
store image	0.39	0.14	2.7537	0.00
store type	0.76	0.20	3.63	0.00
gender	0.48	0.21	2.27	0.02
age	0.01	0.09	0.11	0.90
education	-0.11	0.08	-1.46	0.14
income	0.12	0.11	1.03	0.30
R-sq			.29	
F			5.16	
Sig.			.000	

Next, we have to test whether store image also has a significant effect on store satisfaction (that is to see whether the independent variable has an effect on the mediating

variable). Table 6(b) shows that indeed store image as a significant effect on store satisfaction. Initially, it can be seen in the bottom row that our model is statistically significant with the p-value of (.00). Then, we can see that the beta coefficient of store image is positive (.34) suggesting that the more favourable the store image is the higher will be the store satisfaction. We can also confirm that this effect is significant because the p-value of (.01) for this estimate is less than .05.

Table 6(b)

Outcome variable: store satisfaction				
	<i>B</i>	<i>S.E.</i>	<i>t</i>	<i>sig.</i>
constant	1.88	0.75	2.48	0.01
store image	0.34	0.14	2.45	0.01
store type	0.47	0.20	2.32	0.02
gender	0.26	0.20	1.29	0.19
age	0.05	0.09	0.57	0.56
education	-0.13	0.07	-1.65	0.10
income	0.15	0.11	1.31	0.19
R-sq			.20	
F			3.09	
Sig.			.00	

Finally, in order to confirm the mediation effects, we have to see if the mediating variable (store satisfaction) has an impact on the dependent variable (store loyalty), and if the effect of the independent variable (store image) on store loyalty disappears by including store satisfaction in the model. In the following table, Table 6(c), it can be seen that indeed there is a full mediation. First, by looking at the bottom row it is confirmed that our model is statistically significant. Moreover, if we consider the R-sq value in the third row from the bottom, it suggests this model explains 61% of the variance, which is significantly higher

than the explanatory power of the last two models. Furthermore, we can see that store satisfaction has a significant positive effect on store loyalty with the beta coefficient of (.68) and the p-value of (.00) which is less than .05. Additionally, the effect of store image disappears when we add store satisfaction in the mode because the p-value of store image in this model is (.16) which is greater than .05. This suggests that store image only influences store loyalty through store satisfaction. Thus, my fourth hypothesis is fully supported that store image has an indirect effect on store loyalty through store satisfaction.

Table 6(c)

Outcome variable: store loyalty

	<i>B</i>	<i>S.E.</i>	<i>t</i>	<i>sig.</i>
constant	-0.13	0.60	-0.22	0.82
store satisfaction	0.68	0.08	7.73	0.00
store image	0.15	0.11	1.41	0.16
store type	0.43	0.16	2.69	0.00
gender	0.29	0.15	1.86	0.06
age	-0.02	0.07	-0.36	0.71
education	-0.02	0.06	-0.45	0.65
income	0.01	0.08	0.19	0.84
R-sq		.61		
F		16.55		
Sig.		.00		

In addition to conducting the mediation analysis, PROCESS SPSS application provides some additional insights. In the following tables, the total effect of store image is decomposed into direct effect and indirect effect (i.e. effect of store image through store satisfaction). First, we can see the total and direct effect of store image (.39 and .15) on store loyalty in tables 7(a) and (b). In addition to that, as we have recently confirmed the indirect

effect of store image, it seems interesting to see the magnitude and the significance of that indirect effect. It can be seen in table 7(c) that (.23) is the indirect effect of store image on store loyalty. This indirect effect represents that out of the total effect of store image (i.e. .39) on store loyalty, (.23) is the indirect effect of store image that is mediated by store satisfaction. Since the PROCESS SPSS approach used bootstrapping to produce confidence intervals for the estimates and their significance, it is also shown that this indirect effect is statistically significant because the 95% bootstrap CI (.0605 to .1605) doesn't include zero.

Table 7(a)

<i>total effect</i>	<i>S.E</i>	<i>t</i>	<i>sig.</i>
.39	.14	2.75	.00

Table 7(b)

<i>direct effect</i>	<i>S.E</i>	<i>t</i>	<i>sig.</i>
0.15	0.11	1.41	0.16

Table 7(c)

<i>indirect effect</i>	<i>boot S.E</i>	<i>boot LLCI</i>	<i>boot ULCI</i>
.23	.10	.0605	.4521

## Moderated Mediation

The main purpose of my thesis is to compare store image, store satisfaction, and store loyalty between traditional supermarkets and hard discounters. In the previous section, we have seen that store image influences store loyalty by affecting store satisfaction. In addition to that, I advanced the hypothesis that such indirect effect only occurs in the case of traditional supermarkets. The underlying assumption is that the consumers of traditional supermarkets pay more attention to non-product related attributes of the store (such as store image) which increases their overall satisfaction and leads to store loyalty. However, hard discounter's consumers are mainly concerned about the product related attributes (such as

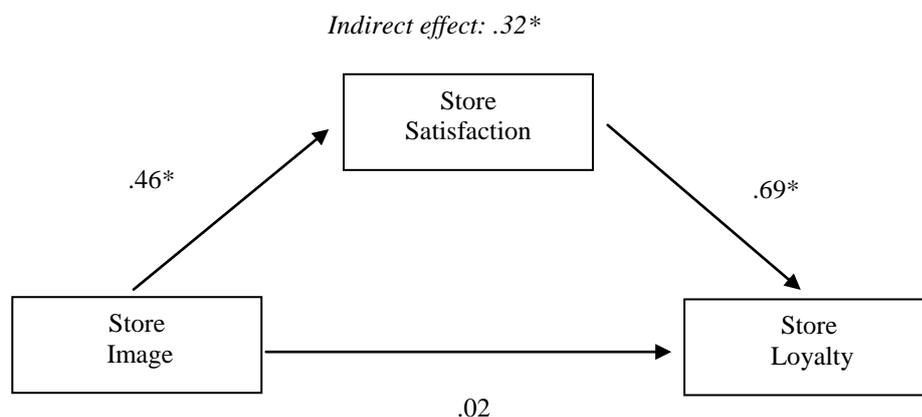
discounts). Therefore, store image might not have an indirect effect on store loyalty through store satisfaction for hard discounters. My fifth hypothesis was:

**H5:** *Store image has an indirect effect on store loyalty through store satisfaction only for traditional supermarkets (i.e. store satisfaction acts as mediator only in the case of traditional supermarket).*

In order to test this, I utilized the conditional process model presented by Hayes and Preacher (2013). Similar to the mediation analysis section, I used the PROCESS SPSS application where the type of store now acts as a moderator. This application enables us to estimate the indirect effects of store image on store loyalty through satisfaction, conditioned on the type of supermarket (Traditional and Hard discounter).

The figure given below displays the outcome of the analysis. It appears that I also found a significant support for the hypothesis. As expected, the indirect effect of store image on store loyalty through store satisfaction was only significant for traditional supermarkets. This proves the proposed hypothesis that store image only influences store loyalty through store satisfaction in the case of traditional supermarkets. As you can see that, the indirect effect of store image for traditional supermarkets (.32) is significant. The conditional process model use bootstrap procedure to compute the estimates and confidence interval. For the estimates of the indirect effects of store image on store loyalty, 95% bootstrap CI for traditional supermarket (.0011 to .6464) suggests that the indirect effect of store image through store satisfaction is significant for traditional supermarkets because the confidence interval does not include zero. On the other hand, 95% bootstrap CI (-.0781 to .4946) for the indirect effect for hard discounter (.17) is not statistically significant because the confidence interval includes zero.

**Indirect effect of store image on store loyalty for Traditional Supermarket**



**Indirect effect of store image on store loyalty for Hard Discounter**

*Indirect effect: .17*



\* P-value significant at 5%

\*\*P-value significant at 10%

In other words, this suggests that mediation through store satisfaction only occurs in the case of traditional supermarkets. Moreover, the direct effect of store image on store loyalty for traditional supermarket (.02) is also insignificant. This indicates that store image affects store loyalty through its effect on store satisfaction only for the consumers of traditional supermarkets. For hard discounters, store image has a significant direct effect on store loyalty (.25) at 10% significance level. However, the direct effect on store satisfaction (.25) and the indirect effect through store satisfaction on loyalty (.17) are insignificant suggesting that no change in store satisfaction and no mediation effect for hard discounters. Thus, it can be concluded that consumers of traditional supermarkets are more concerned about the image or other non-product related features of the supermarket which influences their satisfaction and in turn loyalty with the supermarket.

## General Discussion

### Conclusion

Considerable amount of research has been conducted in the past to identify the drivers of consumers' loyalty towards supermarkets. However, research in this area has been confined to certain retail formats. There has been less focus on conducting cross comparison of consumer loyalty between different retail formats. An additional aspect that has begun to receive attention in the past is the attitudinal aspect of consumer loyalty. Most of the loyalty-related studies have been confined to measuring the behavioural aspect of loyalty (i.e. consumer's intention to revisit) (Mellens, Dekimpe & Steenkamp, 1997). However, recently researchers argued that such conceptualisation might leads to spurious loyalty because it did not include consumers' attitude towards the store (Jacoby & Chestnut, 1978; Dick & Basu, 1994; Bloemer & Ruyter, 1998). The current research is intended to address these gaps by comparing store loyalty between traditional supermarkets and hard discounters based on the conceptualisation of store loyalty that include both the behavioural and attitudinal dimensions.

In doing so, this research obtains survey based data from the Dutch grocery market on consumer perceptions regarding store image, store satisfaction, store loyalty, and some other aspects of consumer behaviour including their demographics. From the Dutch grocery market, Albert Heijn is chosen as a store in the traditional supermarket category and Lidl in the hard discounter. Both of these stores provide a good representation of the respective categories based on their store profiles and market share.

The study begins with comparing store loyalty between the consumers of traditional supermarket and hard discounter. It was hypothesized that the consumers of traditional supermarket tend to be more loyal than the consumers of hard discounter. However, in contrast to my expectations the results showed opposite effects that the consumers of hard discounter were more loyal. One of the reasons for this contrasting finding would be the fact consumers of hard discounters are more frequent visitors, and are tied to the discounts (and other promotional things) offered by the discounters which might have lead them to provide higher ratings regarding their commitment and intentions to revisit the store.

Additionally, I compared satisfaction level between the consumers of traditional supermarket and hard discounter. Similar to store loyalty, satisfaction levels also turned out

opposite to my prediction. Consumers of hard discounter showed higher level of satisfaction with their store than the consumers of traditional supermarket. It may seem natural because consumers of hard discounters are mainly concerned about the lower prices which they already found at discount supermarkets.

Next, I compared store image perceptions of the consumers of traditional supermarket and hard discounter. In line with my proposition, consumers of traditional supermarket showed more favourable store image perceptions than the consumers of hard discounter. The underlying argument was that consumers of traditional supermarkets are more concerned with non-product related attributes (such as services, product quality, and staff behaviour etc). As a matter of fact, traditional supermarkets are better at providing these facilities to their consumers than hard discounters which shape their overall image of the supermarket. And, indeed the results showed significant support for the advanced proposition.

In addition to comparing store loyalty, store satisfaction and store image between the consumers of traditional supermarket and hard discounter, I also examined the mediating effect of store satisfaction. In the past, it was established that store satisfaction acts as a mediator between store image and store loyalty (Bloemer & Ruyter, 1998). Store image has an indirect effect on store loyalty through store satisfaction. In line with the past research, the present study also found similar significant effects that after controlling for store type store image influences store loyalty through its effect on store satisfaction.

Finally, I argued that the consumers of traditional supermarkets are more concerned about non-product related features of the supermarket in addition to price related features. Thus, it can be expected that the indirect effects of store image might occur only for the consumers of traditional supermarkets. Consistent with this proposition, the results indicated that store image affects store loyalty through store satisfaction only for the consumers of traditional supermarket. For hard discounters, there might be some other effects that affect their satisfaction and loyalty with the store. However, for traditional supermarkets store image increases store satisfaction which in turn lead to more loyal consumers.

To conclude, the present research found significant differences of store image, store satisfaction, and store loyalty between the consumers of traditional supermarkets and hard discounters. In contrast to my expectations, hard discounter's consumers are found to be more loyal and satisfied with their store whereas consumers of traditional supermarkets have

more favourable store image which is what I hypothesized. Additionally, the study also found significant mediating effects of store satisfaction. Finally, as expected the mediating effects of store satisfaction only occur for the consumers of traditional supermarket.

### **Managerial Implications**

This research provides several implications for the managers of both traditional supermarkets and hard discounters who are interested in the improving consumer loyalty. First, this study suggests that consumers of discount supermarkets are more loyal than the consumers of traditional supermarkets. Therefore, managers of traditional supermarkets have to take some steps to improve their consumers' loyalty. From this research, it can be inferred that loyalty of the consumers of traditional supermarket is based on store image which affects store satisfaction. Therefore, traditional supermarkets should focus on creating more favourable store image in the minds of their consumers. In other words, managers of traditional supermarkets should consider improving various components of store image (such as store atmosphere, service quality, convenient facilities etc.) which in turn will enhance their consumers' satisfaction and strengthen their loyalty towards the store. Enhancing store image is also important from consumer satisfaction perspective, as the satisfaction level of the consumers of traditional supermarkets is found to be significantly lower than the consumers of hard discounters.

For hard discounters, it is yet hard to say what actually drives the loyalty of their consumers apart from the fact that store image and store satisfaction has a direct positive relationship with store loyalty. However, what makes the consumers of hard discounters more satisfied is still unclear. But as compare to traditional supermarkets hard discounters have less favourable store image perceptions. Therefore, in addition to focussing on product-related features, managers of hard discounters should also acknowledge the significance of store image and its impact on store loyalty.

### **Limitations**

There are several areas in which future research can build on this research. First, future research can further extend on attitudinal component of store. This research did not distinguish between different types of commitment. However, past research has identified various types of consumer commitment, for instance, affective, calculative and moral commitment (Allen and Meyer, 1990; Kumar et al., 1994). Therefore, it seems intriguing to

investigate whether there will be any effect of the nature of commitment on the store satisfaction-loyalty relationship.

In addition to that, future research could further study the construct of store image and its dimensions. In this study, three of the eight items used for store image didn't turn out to be representing the same construct. Future research is imperative for better understanding of this multi-faceted construct due to its significance for store satisfaction and loyalty.

Apart from store image and satisfaction, some additional analysis also revealed that gender has a significant impact on store loyalty. However, I didn't discuss that effect because it was beyond the context of current research. Future research can also dig into this because shopping behaviours, motivations, and satisfaction level may also differ across gender.

Finally, in the study store loyalty was measured from a static perspective. However, store loyalty may change in future. Thus, it seems quite interesting to investigate store loyalty from a dynamic perspective.

## References

- Allen, N.J. and Meyer, J.P (1990), "The measurement and antecedents of affective, continuance, and normative commitment to the organization", *Journal of Occupational Psychology*, Vol. 63, pp. 1-18
- Aaker, D.A. (1991), "Managing brand equity: Capitalizing on the value of a brand name", The Free Press, New York, NY.38
- Anderson, E.W. and Sullivan, M. (1993), "The antecedents and consequences of customer satisfaction for firms", *Marketing Science*, Vol. 12, pp. 125-143.
- Anderson, E.W., Fornell, C., and Lehmann, D.R. (1994), "Customer satisfaction, market share, and profitability: Findings from Sweden", *Journal of Marketing*, Vol. 58, pp. 53-66.
- ACNielsen (2004), "Europe: format evolution", internal presentation, ACNielsen Austria, Vienna.
- Brown, J.D. (1952), "Consumer loyalty for private food brands", Muncie, in: Bureau of Business Research, Report No. 3, Ball State University.
- Bearden, W.O. (1977), "Determinant attributes of store patronage: Downtown versus outlying shopping areas", *Journal of Retailing*, Vol. 53, No. 2, pp. 15-22.
- Burmann, C. (1991), "Konsumentenzufriedenheit als Determinante der Marken- und Händlerloyalität", *Zeitschrift für Forschung und Praxis*, Vol. 13, pp. 249-58.
- Bitner, M.J. (1990), "Evaluating service encounters, the effects of physical surroundings and employee responses", *Journal of Marketing*, Vol. 54, pp. 69-82.
- Bitner, M.J. and Hubbert, A.R. (1994), "Encounter satisfaction versus overall service satisfaction versus quality, service quality: New directions in theory and practice", Thousand Oaks, CA: Sage Publications, pp. 173-200.
- Birgelen, M., Wetzels, M., and De Ruyter K. (1997), "Commitment in service relationships: An empirical test of its antecedents and consequences", In EMAC Conference Proceedings, University of Warwick, Warwick, 20-23, May, pp. 1255-1271.

Bloemer, J.M.M. and Poiesz, T.B.C. (1989), "The illusion of consumer satisfaction", *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, Vol. 2, pp. 43-8.

Bloemer, J.M.M. and Lemmink, J.G.A.M. (1992), "The importance of customer satisfaction in explaining brand and dealer loyalty", *Journal of Marketing Management*, Vol. 8, pp. 351-64.

Bloemer, J. and De Ruyter, K. (1998), "On the relationship between store image, store satisfaction and store loyalty", *European Journal of Marketing*, Vol. 32 No. 5/6, pp. 499-513.

Bell, D. R., Ho, Teck-Hua. and Tang, C.S. (1998), "Determining where to shop: Fixed and variable costs of shopping," *Journal of Marketing Research*, Vol. 35, 352-69.

Brady, M. K., Cronin, Jr., Joseph, J., and Brand, R. R. (2002), "Performance-only measurement of service quality: A replication and extension", *Journal of Business Research*, Volume 55, pp. 17-31.

Berner, R., Brady, D. and Zellner, W. (2004), "There goes the rainbow nut crunch", *Business Week*, No. 3892, p. 38.

Charlton, P. and Ehrenberg, A.S.C. (1976), "An experiment in brand choice", *Journal of Marketing Research*, Vol. 13, pp. 152-160.

Cronin, J.J. and Taylor, S.A. (1992), "Measuring service quality: A re-examination and extension", *Journal of Marketing*, Vol. 56, pp. 55-68.

Corstjens, M. and Lal, R. (2000), "Building store loyalty through store brands", *Journal of Marketing Research*, Vol. 37, 281-91.

Caruana, A. (2002), "Service loyalty: the effects of service quality and the mediating role of customer satisfaction", *European Journal of Marketing*, Vol. 36, No. 6/7, pp. 811-828.

Doyle, P. and Fenwick, I. (1974), "Shopping habits in grocery chains", *Journal of Retailing*, Vol. 50, pp. 39-52.

Denison, T and Knox, S (1993), "Cashing in on loyal customers: The divi and indemnity for retailers", in ESRC Seminar: Strategic Issues in Retailing Manchester Business School, Manchester pp. 225-252.

- Dick, A.S. and Basu, K. (1994), "Customer loyalty: toward an integrated conceptual framework", *Journal of the Academy of Marketing Science*, Vol. 22, pp. 99-113.
- Dabholkar, P.A. (1995), "Contingency framework for predicting causality between customer satisfaction and service quality", *Advances in Consumer Research*, Vol. 22, pp. 101-108.
- Fornell, C., Johnson, M.D., Anderson, E.W., Cha, J. and Bryant, B.E. (1996), "The American customer satisfaction index: nature, purpose, and findings", *Journal of Marketing*, Vol. 60, pp. 7-18.
- Ghosh, A. (1990), "Retail Management, 2ed.", The Dryden Press, Chicago, IL.
- Grønhaug, J.M.D.R.L.K. (2005), "First mover advantages in the discount grocery industry", *European Journal of Marketing*, Vol. 39, No. 7/8, pp. 872 – 884.
- Houston, M.J. and Nevin, J.R. (1981), "Retail shopping area image: structure and congruence between downtown and shopping centres", *Advances in Consumer Research*, Vol. 8, pp. 677-81.
- Hallowell, R. (1996), "The relationships of customer satisfaction, customer loyalty, and profitability: an empirical study", *International Journal of Service Industry Management*, Vol. 7, pp. 27-42.
- Hayes, A. F. (2013), "An introduction to mediation, moderation, and conditional process analysis: A regression-based approach", .NewYork: TheGuilford Press.
- Hayes, A. F. And Preacher, K.J. (2013), "Conditional process modeling: Using structural equation modeling to examine contingent causal processes," in *Structural Equation Modeling: A Second Course*, 2<sup>nd</sup> ed., Gregory R. Hancock and Ralph O. Mueller, eds. Greenwich, CT: Information Age Publishing.
- James, D.L., Durand, R.M., and Dreves, R.A. (1976), "The use of a multi-attribute attitude model in a store image study", *Journal of Retailing*, Vol. 52. No. 2, pp. 23-32.
- Jacoby, J.W. and Chestnut, R.W. (1978), "Brand loyalty measurement and management", Wiley, New York, NY.

- Kau, A.K. and Ehrenberg, A.S.C. (1984), "Patterns of store choice", *Journal of Marketing Research*, Vol. 21, pp. 399-409.
- Kasper, J.D.P. (1988), "On problem perception, dissatisfaction and brand loyalty", *Journal of Economic Psychology*, Vol. 9, pp. 387-97.
- Keller, K. L. (1993), "Conceptualizing, measuring and managing customer-based brand equity", *Journal of Marketing*, Vol. 57, pp. 1-22.
- Kumar, N., Hubbard, J.D. and Stern, L.W. (1994), "The nature and consequences of marketing channel intermediary commitment", No. 94-115, Marketing Science Institute, Cambridge.
- Kristensen, K., Juhl, H.J. and Ostergaard, P. (2001), "Customer satisfaction: Some results for European retailing", *Total Quality Management*, 7 & 8, pp. 890-897.
- Knox, Simon D. and Walker, D. (2001), "Measuring and managing brand loyalty", *Journal of Strategic Marketing*, Vol. 9, pp. 111-128.
- Koo, Dong-Mo (2003), "Inter-relationships among store images, store satisfaction, and store loyalty among Korea discount retail patrons", *Asia Pacific Journal of Marketing and Logistics*, Vol. 15, No. 4 pp. 42 – 71.
- Lindquist, J.D. (1974), "Meaning of image-a survey of empirical and hypothetical evidence", *Journal of Retailing*, Vol. 50, pp. 29-38.
- Liu-Thompkins, Yuping and Tam, L. (2013), "Not All Repeat Customers Are the Same: Designing Effective Cross-Selling Promotion on the Basis of Attitudinal Loyalty and Habit", *Journal of Marketing*, Vol. 77, pp. 21–36.
- Martineau, P. (1958), "The personality of retail store", *Harvard Business Review*, Vol. 36, pp. 47-55.
- McConnell, J.D. (1968), "The Development of Brand Loyalty: An Experimental Study", *Journal of Marketing Research*, Vol. 5, pp. 13-19.
- Mellens, M., Dekimpe, M.G. and Steenkamp, J.B. (1997), "A review of brand-loyalty measures in marketing", *Tydschrift voor Economie and Management*, Vol. 4, pp. 507-534.

- Macintosh, G. and Lockshin, L.S. (1997), "Retail relationships and store loyalty: a multi-level perspective", *International Journal of Research in Marketing*, pp. 487-497.
- McGoldrick, P. J. and Andre, E. (1997), "Consumer misbehaviour: Promiscuity or loyalty in grocery shopping", *Journal of Retailing and Consumer Services*, Vol. 4, No. 2, pp. 73-81.
- Nevin, J.R. and Houston, M.J. (1980), "Image as a component of attraction to intra-urban shopping area", *Journal of Retailing*, Vol. 56, pp. 77-93.
- Na, W.B., Marshall, Roger, and Keller, L. K. (1999), "Measuring brand power: validating a model for optimizing brand equity", *Journal of Product and Brand Management*, Vol. 8, No. 3, pp. 170-184.
- Neal, D.T., Wendy, W., Labrecque, J.S. and Lally, P. (2012), "How do habits guide behavior? Perceived and actual triggers of habits in daily life", *Journal of Experimental Social Psychology*, Vol. 48, No. 2, pp. 492-98.
- Oliver, R.L. (1980), "A cognitive model of the antecedents and consequences of satisfaction decisions", *Journal of Marketing Research*, Vol. 17, pp. 460-469.
- Osman, M.Z. (1993), "A conceptual model of retail image influences on loyalty patronage behavior", *The International Review of Retail, Distribution and Consumer Research*, Vol. 31, pp. 149-66.
- Petty, R.E. and Cacioppo, J.T. (1986), "Issue involvement can increase or decrease persuasion by enhancing message-relevant cognitive response", *Journal of Personality and Social Psychology*, Vol. 37, pp. 1915-1926.
- Pinckaers, M. (2014), "The Benelux Food Market", Gain report: NL2014, <http://www.fas.usda.gov/scripts/attacherep/default.asp>
- Reichheld, F.F. (1996), "The loyalty effect", Boston: Harvard Business School Press.
- Seiders, K. and Tigert, D.J. (1997), "Impact of market entry and competitive structure on store switching/store loyalty", *International Review of Retail, Distribution, and Consumer Research*, Vol. 7, No. 3, pp. 227-248.

- Sivadass, E. and Baker-Prewitt, J. L. (2000), "An examination of the relationship between service quality, customer satisfaction, and store loyalty", *International Journal of Retail & Distribution Management*, Vol. 28, No. 2, pp. 73-82.
- Shah, Denish, Kumar, V., Qu, Y. And Chen, S. (2012), "Unprofitable cross-buying: evidence from consumer and business markets," *Journal of Marketing*, Vol. 76, pp. 78–95.
- Tucker, W.T. (1964), "The development of brand loyalty", *Journal of Marketing Research*, Vol. 1, pp. 32-35.
- Taylor, R. (2003), "Top of mind: saving America's grocers", *Brandweek*, Vol. 44, No. 18, pp. 22-3.
- Teller, T.R.C. (2009), "Store format choice and shopping trip types", *International Journal of Retail & Distribution Management*, Vol. 37. No. 8, pp. 695-710.
- Van Heerde, Harald J., Els Gijsbrechts, and Pauwels, K. (2008), "Winners and losers in a major price war," *Journal of Marketing Research*, Vol. 45, No. 5, pp. 499-518.
- Yoo, Park, and MacInnis, D.J. (1998), "Effects of Store Characteristics and InStore Emotional Experiences on Store Attitude", *Journal of Business Research*, Vol. 42, pp. 253-263.

## Appendix

Geachte deelnemer,

Dank u voor het nemen van uw tijd in het onderzoek voor mijn master scripties in te vullen!

Het onderzoek is gebaseerd op uw verwachtingen en ervaringen met deze supermarkt (Lidl). U wordt gevraagd in hoeverre u het eens of oneens met de verklaringen in het onderzoek. Het onderzoek brengt u ongeveer 5 tot 10 minuten ongeveer.

Mocht u nog vragen hebben, aarzel dan niet om me te vragen.

Naam: Sakir Guduk

E-mail: [sakirguduk@hotmail.com](mailto:sakirguduk@hotmail.com)

Q1: Ik ben tevreden met mijn beslissing om producten te kopen in deze supermarkt.

Helemaal oneens				Helemaal mee eens
<input type="radio"/>				

Q2: Toen ik klaar winkelen en kom uit deze supermarkt, ik dacht dat ik deed het juiste ding.

Helemaal oneens				Helemaal mee eens
<input type="radio"/>				

Q3: Ik ben vastbesloten om het behoud van mijn aankoop in deze supermarkt.

Helemaal oneens				Helemaal mee eens
<input type="radio"/>				

Q4: Ik ben van plan om mijn algemene koopgedrag te handhaven op deze supermarkt.

Helemaal oneens				Helemaal mee eens
<input type="radio"/>				

Q5: Ik denk niet dat shoppen op een andere supermarkt.

Helemaal oneens				Helemaal mee eens
<input type="radio"/>				

Q6: In de toekomst zal mijn winkelen in deze supermarkt zeer veelvuldig.

Helemaal oneens				Helemaal mee eens
<input type="radio"/>				

Q7: In de toekomst zal mijn winkelen in deze supermarkt erg waarschijnlijk.

Helemaal oneens				Helemaal mee eens
<input type="radio"/>				

Q8: In de toekomst zal mijn winkelen in deze supermarkt heel goed mogelijk zijn.

Helemaal oneens				Helemaal mee eens
<input type="radio"/>				

Q9: Ik denk dat de winkel sfeer, zoals winkelinrichting, rekken en merchandise weergave van deze supermarkt is erg prettig.

Helemaal oneens				Helemaal mee eens
<input type="radio"/>				

Q10: Ik denk dat de kwaliteit van de dienstverlening van deze supermarkt over persoonlijke interactie met de medewerkers is erg vriendelijk.

Helemaal oneens				Helemaal mee eens
<input type="radio"/>				

Q11: Ik denk dat deze supermarkt biedt een aantal handige voorzieningen, zoals grote parkeerplaats, geldautomaten, drogist, kinderen vermaak en een stop shopping faciliteiten..

Helemaal oneens				Helemaal mee eens
<input type="radio"/>				

Q12: Ik denk dat dit de supermarkt ligt dicht bij mijn huis en het is gemakkelijk bereikbaar via het openbaar vervoer.

Helemaal oneens				Helemaal mee eens
<input type="radio"/>				

Q13: Ik denk dat dit de supermarkt heeft een enorme verscheidenheid aan producten.

Helemaal oneens				Helemaal mee eens
<input type="radio"/>				

Q14: Ik denk dat de prijzen van deze supermarkt zijn eerlijk.

Helemaal oneens				Helemaal mee eens
<input type="radio"/>				

Q15: Ik denk dat dit de supermarkt geeft diverse kortingen en promoties op hun producten.

Helemaal oneens				Helemaal mee eens
<input type="radio"/>				

Q16: In het algemeen denk ik dat deze supermarkt geeft mij een goede waarde voor het geld Ik geef hier.

Helemaal oneens				Helemaal mee eens
<input type="radio"/>				

Q17: Dank u voor uw evaluatie over de supermarkt. Nu, hoeveel zou u het eens of oneens met de volgende uitspraken:

	Helemaal oneens				Helemaal mee eens
Ik draai me om anderen in tijden van nood	<input type="radio"/>				
Ik heb vaak mijn problemen en zorgen met anderen te bespreken	<input type="radio"/>				
Ik zoek naar anderen voor comfort en geruststelling	<input type="radio"/>				
Ik maak me zorgen over het feit dat verwaarloosd of genegeerd door anderen in mijn relaties	<input type="radio"/>				
Ik vind dat anderen niet willen zo dicht krijgen als ik zou willen	<input type="radio"/>				
Ik zenuwachtig als anderen zijn niet beschikbaar wanneer ik ze nodig heb	<input type="radio"/>				

Ik vaak geruststelling van anderen in mijn relaties nodig	<input type="radio"/>				
Ik probeer te voorkomen dat je te dicht bij anderen	<input type="radio"/>				
Ik vind het niet leuk als anderen te dicht bij me	<input type="radio"/>				
Ik probeer om een bepaalde hoeveelheid van de afstand tussen mijzelf en anderen te behouden	<input type="radio"/>				

Q18: Wat is uw geslacht?

- Mannelijk    Vrouwelijk

Q19: Wat is je leeftijd?

- > 25    25-35    36-45    46-55    < 55

Q20: Wat is de hoogste opleiding die u hebt voltooid?

- VMBO    HAVO    VWO    MBO    HBO    WO

Q21: Wat is uw netto maandelijks gezinsinkomen bereik?

- > 1000euros    1000-1500euros    1501-2000euros    2001- 2500euros    < 2500euros

**Dank u wel!**