



## Tests of in-store experience and socially embedded measures as predictors of retail store loyalty



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### ABSTRACT

Drawing on the current literature which primarily viewed store loyalty as an outcome of personal assessment of store-specific factors (i.e., store brand image, store satisfaction, etc.), this study seeks to broaden the theoretical focus by incorporating variables that measure customers' social embeddedness such as social networks and cultural orientation.

As a major research objective, the study investigates whether shopping experiences impact store loyalty measured by store revisit intention and positive word-of-mouth. Then the study examines whether social network traits (i.e., tie strength and network centrality) impact on customers' positive word-of-mouth. Finally, the study confirms whether individualism moderates the relationship between in-store shopping experiences and positive word-of-mouth.

### 1. Introduction

Shopping is a comprehensive set of activities that not only involves the act of purchasing products wanted, but encompasses customers' shopping experiences encountered prior to purchase. Previous research on shopping behavior has mostly focused on some aspects of shopper behaviors related to purchase motives (Arnold and Reynolds, 2003; Eastlick and Feinberg, 1999; Buttle and Coates, 1984), shopping benefits (Babin et al., 1994), and search experiences (Bloch et al., 1986; Mathwick and Rigdon, 2004). Another related area of study that invites further scholarly attention is whether shoppers' choice of store reflects perceived or anticipated shopping experiences to be obtained from the shopping. Previous studies have mostly tried to classify in-store experiences as tangible as well as intangible dimensions of in-store experiences (Milliman, 1982; Doyle and Broadbridge, 1999; Burt and Carralero-Encinas, 2000; Carpenter and Moore, 2006).

But there are not many studies which focus on customers' socio-cultural traits that go beyond store specific contextual variables. Although a few of previous studies linked retail shopping experience to loyalty behavior drawing on purchase intention (Swinyard, 1993), brand loyalty (Bennett et al., 2005) and customer value (Kerin et al., 1992), they have primarily viewed experience from an individual customer's perspective with little attention to broader conceptual framework that embraces shopper traits from socio-cultural perspective.

Based on this research background, this study investigates social network traits and cultural orientation as antecedents of store loyalty. This conceptual approach reflects the importance of considering socio-cultural variables in understanding consumer behavior that has implications for loyalty behavior. It has been previously reported that social network plays a role in generating word-of-mouth (Bansal and Voyer, 2000; Frenzen and Davis, 1990; Bristor, 1990), and there have also been previous studies on the relationship between cultural orientation and online product reviews (Lee, 2003) and purchase decision (Money et al., 1998).

Therefore, it is conceptually plausible that these sociocultural variables also critically influence consumers' loyalty behavior since they serve a societal backbone of information diffusion which reinforces their purchase or repatronage behavior. Previously, a few studies have investigated the role of social networks in connection with network-based communication behavior such as word-of-mouth (here-in-after WOM) (Bansal and Voyer, 2000; Frenzen and Davis, 1990; Bristor, 1990), innovation diffusion (Pfeffer and Salancik, 1978; Rogers, 2003), and market mavenship (Feick and Price, 1987). However, it is difficult to find past literature that investigated the role of social network such as tie strength and network centrality as a factor influencing store loyalty.

The study also seeks to verify the role of cultural orientation as a factor contributing to customers' positive WOM. It is intuitively

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appealing to discern this relationship because cultural orientation (i.e., collectivism vs. individualism) would create a communicative environment friendly or hostile to positive WOM. Previous studies have mostly focused on the relationship between cultural orientation and communication behavior such as online product reviews (Lee, 2003), information dependency (Pornpitakpan, 2000), and purchase decision (Money et al., 1998) with little focus on positive WOM.

It is from this apparent research gap that exists in current literature on store loyalty behavior that compelled the present study to accomplish the following research objectives: First, the study seeks to verify the effects of customers' in-store shopping experiences on store revisit intention by incorporating Schmitt (1999) five strategic experiential modules (Sense, Feel, Think, Act, and Relate). Second, to verify the socially embedded determinant of store loyalty, this study draws on social network attributes (i.e., tie strength and network centrality) to confirm their impact on customers' positive WOM pertinent to prior shopping experience. Third, the study draws on cultural orientation trait (i.e., individualism) to see whether it moderates the relationship between in-store shopping experiences and positive WOM.

To accomplish the above research objectives, the study administered questionnaire survey on 187 sample respondents selected from MBA students taking classes at a university located in Midwest of the USA. The study results are expected to provide important theoretical as well as empirical implications for the socio-cultural predictors of retail loyalty behavior in the context of in-store shopping experiences.

## 2. Literature review and research hypotheses

### 2.1. Overview of the relationship between shopping experience and store loyalty

There have been quite a few studies, conceptual or empirical, which attempted to prove the relationship between consumer experiences and brand loyalty. For instance, Aaker (1996) stated that consumers usually create values that link themselves and firms through their consumption experiences, which positively influences brand loyalty. In particular, in-store shopping experience create sensory pleasures through sensory stimulations, registering long-term memories that are readily retrieved upon return visit. Schmitt (1999) argues that store brands, when reinforced by unique store experiences, create values that go beyond mere information provision, wielding strong retention power. Taking an holistic view of experience, Schmitt (1999) asserted that retail store provides not only cognitive experiences like information or knowledge acquisition, but also emotional experiences like stress reduction and social experiences by helping foster ties among the store shoppers. In sum, experience elicits consumer's desire for experience and enhances brand attachment, thus increasing brand loyalty.

Park and Hwang (2005) found that strongly positive relationship exists among consumer's experiences at an exhibition, brand attitude, and purchase intention. In addition, Lee et al. (2010) examined the effect of holistic experience on emotional ties between consumer and brand to verify the relationship between brand experience and brand equity. Also, Kwon (2003) investigated the effect of store experience at Starbucks on store loyalty to find that sensory and behavioral experiences influence customer loyalty. In a similar study, Lee (2004) examined the effects of experiences on brand loyalty using different product categories to find significant impact of sensory, behavioral, and relational experiences on brand loyalty. In addition, Park et al. (2007) incorporated Pine and Gilmore's (1998) experiential typology to research whether in-store experiences create experiential pleasures and subsequently boost repurchase intention. They found that entertainment and escapism didn't influence experiential pleasure, but educational and aesthetic experiences did, with subsequent impact on satisfaction, patronage intention, and store recommendation intention.

### 2.2. In-store experience and revisit intention

Previous literature has consistently shown that customers' experiences have some impact on their loyalty behavior but those that focused on in-store shopping experiences are somewhat limited. As introduced earlier, some studies incorporated Schmitt (1999) SEM (strategic experiential modules) to predict the relationship between SEMs and brand loyalty (Lee, 2003). These previous studies demonstrate that the kind and intensity of shoppers' experiences enhance the brand equity composed of brand image, perceive quality, and brand association, and store loyalty.

Some of the recent studies on experiential marketing have addressed the importance of context specific stimuli and the role of brand based stimuli. For instance, Song and Park (2009) in their study on family restaurant conceptualized experience as a process reflected in customer's attitude and store revisit intention which results from usage experiences including participation, observation, and having food and services. Also, Hong (2015), in a study of specialty coffee shop, reported that in-store shopping experience triggered by subjective responses (sensual, affective, cognitive, and actual) causes positive influences brand image (i.e., identity, package, communication, etc.) and store revisit intention

Based on the review of previous literature, we can argue that customers' in-store experiences cause satisfaction and positive store image, thus causing store revisit intention. Drawing on this rationale, this study proposes the following hypothesis.

**H1.** In-store shopping experiences will positively influence store revisit intention.

### 2.3. Shopping experience and positive WOM

There have been a few previous studies that have reported on the relationship between customers' shopping experiences and their positive WOM behavior. Some have addressed the relationship between customers' past experiences and positive WOM intentions as well as actual positive WOM. For instance, employing negativity bias theory, Yoon (2006) reported that customers are more likely to seek negative WOM when they are not satisfied with their purchase experience rather than when they are satisfied. In addition, Yoon (2005) also found that positive WOM intention is influenced not only by the directionality (positive or negative) of particular experience, but also by its intensity and argued that positive WOM communication is influenced by altruistic motives regardless of the level of satisfaction. Kim (2006) reported that an individual's experience-based recommendation is the most important information source for the repurchase of indigenous food products.

Several other studies have investigated the effects of product knowledge on the quantity of positive WOM arguments, but produced somewhat mixed results. For instance, Park and Jung (2006) conducted a content analysis of customers' online reviews and reported that experienced goods tend to facilitate subjective positive WOM communication, whereas search goods generated objective WOM. This result indicates that customers' prior knowledge and experiences may play important roles in dictating the nature of post-purchase WOM. Despite a considerable number of previous studies on the relationships between customers' prior product usage experience and positive WOM, relatively little research was done previously on whether customers' shopping experience influences positive WOM behavior in retail settings. Extant studies have generally overlooked the experiential aspects of positive WOM, focusing mainly on characteristics of positive WOM arguments such as persuasiveness (Bhattacharjee and Sanford, 2006), the content, correctness, form, and timeliness (Doll and Torkzadeh, 1988), and diversity of information (Delone and McLean, 2003).

The research findings introduced so far generally suggest that positive WOM behavior may be influenced by customers' pre-purchase

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