



What drives customer loyalty in grocery retail? Exploring shoppers' perceptions through associative networks



Isabella Maggioni

Department of Marketing, Monash University, PO Box 197, Caulfield East, VIC, 3145 Australia

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ABSTRACT

Mental associations play a key role in shaping customer-brand relationships and are critical to the development of favourable attitudes and emotional attachment towards a brand. By exploring shoppers' knowledge structures, this study identifies what drivers of customer loyalty are more relevant to customers in the context of grocery retail. A mix-method study on shoppers' perceptions and values associated to their most patronised grocery store is presented. Through focus group discussions, concept maps and associative network analysis, three types of associations are identified: functional, relational and premium store associations. Saliency and relationships among these dimensions are also discussed.

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1. Introduction

Retailers have always striven to direct their strategic marketing activities towards one common end: the development, the maintenance and the enhancement of a solid and loyal customer base. Implicit in this concern with loyalty, retailers are consistently involved in designing and implementing initiatives dedicated to promote loyal behaviour among their customers.

However, customers' engagement in traditional loyalty initiatives has steadily declined over the past four years, forcing retailers to refocus their strategies to compete more effectively. "Loyalty is something that consumers may exhibit to brands, services, stores, product categories, and activities. [...] Loyalty is a feature of people, rather than something inherent in brands." (Uncles et al., 2003). Today retailers are required to adopt new ways to understand their customers in order to succeed in such a challenging environment, getting down to the basics of consumer behaviour and unveiling latent drivers allowing for deeper connections with existing and prospect customers.

Among them, understanding the knowledge, memories and feelings associated to brands has attracted significant interest from both marketing scholars and practitioner. These mental associations are critical to the development of favourable attitudes towards brands, as they play a key role in shaping consumer-brand relationships and driving emotional attachment (Henderson et al., 2002; Teichert and Schöntag, 2010; Brandt et al., 2011; Ilicic and Webster, 2015).

Although the vast majority of studies on customer mental associations have focused on branding (Chang and Chieng, 2006; Romaniuk and Gaillard, 2007; Teichert and Schöntag, 2010; Brandt et al., 2011; Ilicic and Webster, 2015; Wang and Horng, 2016), Lee et al. (2010) examined the construct of customer loyalty in the context of department stores applying a means-end chain approach.

This study seeks to offer a different perspective on the development of customer loyalty in retail settings by exploring the nature and the structure of shoppers' knowledge and mental associations related to their most patronised store. Through focus group discussions, concept maps and associative network analysis, the construct of customer loyalty is investigated by unveiling shoppers' store knowledge structure, as well as conscious and unconscious associations. Taking as research context grocery retail, the study aims at understanding which critical factors and dimensions that contribute to the development of customer loyalty in retail settings through and provide a better understanding for the development of marketing strategies target at increasing customer retention and enhancing customer-retailer relationships.

The present work is one of the first attempts in applying associative network analysis to provide a deeper understanding and enrich the conceptualisation of a construct. The associative network derived depicts the values, attributes and mental associations defining the more frequently patronised store, which is used as a proxy of customer loyalty at store level.

E-mail address: isabella.maggioni@monash.edu

2. Background

The importance of customer loyalty in marketing literature has been recognised for more than four decades. However, despite the paramount managerial relevance of customer loyalty, literature is still characterised by an unclear and lacking conceptualisation of the construct, particularly with reference to retail settings (Kumar et al., 2013; Bridson et al., 2008; Pan et al., 2012). Since the earliest days, the academic debate on customer loyalty has revolved around a key question, i.e. “What do we mean by ‘true’ loyalty?” (Kumar and Shah, 2004).

Customer loyalty is conceived as a behaviour, but also as a relational phenomenon, highlighting its connection with the affective and the emotional side of consumption (Bloemer and de Ruyter, 1998; Bloemer and Oderkerken-Schröder, 2002; Dick and Basu, 1994). This contributes to the debate on which factors have an impact on the development of customer loyalty, i.e. its antecedents (Agustin and Singh, 2005; Pan et al., 2012; Kumar et al., 2013).

On one hand some researchers and practitioners argue that the most effective way to obtain loyal customer is to deliver a delighting experience that exceeds the normal boundaries of satisfaction and emotionally involves consumers (Jones and Sasser, 1995; Rust and Oliver, 2000; Agustin and Singh, 2005). On the other hand, some researchers claim that delighting is not sufficient and point out the paramount importance of trust and fairness in the relational exchange (Iacobucci et al., 1994; Hart and Johnson, 1999; Schneider and Bowen, 1999; Garbarino and Johnson, 1999). In support of this view, Pan et al. (2012)’s meta analysis shows that trust appears to be one of the most important predictors of customer loyalty.

2.1. Customer loyalty in retail

Customer loyalty in retail settings is more commonly known as store loyalty. Although store loyalty is generally linked to the concept of loyalty to a retailer, retailing literature seems to suggest that absolute customer loyalty at a store level is not a realistic proposition for retail markets (Knox and Denison, 2000; Kau and Ehrenberg, 1984). Literature points out how shoppers usually patronise multiple stores, especially when considering regular purchase activities, such as grocery shopping.

This debate is at the heart of the distinction between divided loyalty (multi-store usage) and instable loyalty, which refers to a long-term switch in store preferences. Some researchers also suggest that most shoppers purchase on a portfolio basis, switching among a variable number of stores included into a consideration set (Kau and Ehrenberg, 1984). Moreover, Ehrenberg (2000) states that the few shoppers who remain exclusively store loyal are generally light shoppers.

The limited conceptualisation of store loyalty has sometimes led to a misleading operationalisation of the construct. In particular, some studies measure store loyalty considering data collected from a single store and extending outcomes to the retailer, regardless the two entities are placed on two different levels of evaluation. In other words, researchers think about loyalty to a retailer, but they actually measure loyalty to a specific store. This is why store characteristics and loyalty to stores is considered of paramount importance in building customer-retailer relationships, with recent studies confirming that store characteristics have an effect on multiple store patronage (Maruyama and Wu, 2014).

Indeed, if a customer is loyal to a specific store, this may not imply the same degree of loyalty to the retailer. Moreover, Dowling and Uncles (1997) and Reinartz and Kumar (2002) point out that customers may link their repeated purchase behaviour not to the brand, but to a particular loyalty program, weakening the

relationship between loyalty and profitability and challenging the traditionally believed benefits generated by a loyal customer base.

Previous research on store loyalty face this issue from a slightly different perspective, and hypothesise the existence of multiple levels of loyalty in retailing. These studies describe how customers can be in a relationship with a retailer according to different levels (Reynolds and Arnold, 2000; Beatty et al., 1996; Wong and Sohal, 2003; Chebat et al., 2009) and confirm the existence of some upscale/downscale mechanisms between the different levels, such as image transfer from malls to stores operating inside a specific mall (Chebat et al., 2006).

2.2. Customer mental associations and customer loyalty

Considering customer loyalty, mental associations play a key role in shaping consumer-brand relationships and are critical to the development of favourable attitudes and emotional attachment among customers. Identifying and eliciting recallable information in consumers’ minds is of paramount importance, as it can generate a differential response that creates customer-based brand equity (Keller, 1993). It is therefore crucial for marketing managers to understand the nature and structure of customer mental associations in order to develop long-term relationships with them.

Cognitive psychologists argue that information is organised as a network in consumer memory (Collins and Loftus, 1975; Collins and Quillian, 1969; Aaker, 1996). In the case of brands, product, services and stores, the knowledge network consists of associations including physical product features, logos, places, people, usage situations; and associative links, which show the unique value of a product or a service to consumers (Aaker, 1996). Extensive research has been carried out to identify mental associations linked to brands, with Kotler and Keller (2009) defining mental associations as “all brand-related thoughts, feelings, perceptions, images, experiences, beliefs and attitudes that become linked to the brand node” (Kotler and Keller, 2009, p. 745). Mental associations help consumers with processing and retrieving information related to a focal object, they also evoke positive affect and provide specific reasons to purchase a product/service or to patronage a store (Henderson et al., 2002).

In recent years, an increasing number of studies have applied network analysis to the study of consumer knowledge structures, mainly in the field of branding (Henderson et al., 2002; Teichert and Schöntag, 2010; Ilicic and Webster, 2015; Wang and Horng, 2016). The most widely acknowledged model for consumer knowledge analysis is the Human Associative Memory (HAM), which conceives memory as a network of interconnected informational nodes (Keller, 1993). Nodes and associative ties compose this basic structure, with ties connecting nodes together and shaping the knowledge network. HAM models are founded on the concept of spreading activation, which postulates that memory retrieval of a node activates the other nodes associated with the stimulated one (Collins and Loftus, 1975). In other words, when a person is reminded of a stimulus, the node corresponding to that stimulus in his/her memory is activated. Activation then spreads to other nodes, with the degree of spreading depending on the distance from the stimulus node (Collins and Loftus, 1975; Henderson et al., 2002).

Literature on consumer knowledge structures and brand equity has proposed both qualitative and quantitative methods to measure and represent brand associations. Among them, Roedder John et al. (2006) pioneered a reliable quantitative mapping technique to study consumer knowledge structures, called brand concept mapping (BCM). BCM capitalises on existing brand research but it mainly emphasises the conscious part of brand evaluation.

More recently, Teichert and Schöntag (2010) and Brandt et al.

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