

The Role of Brand Strength and Customer Satisfaction in Explaining Store Loyalty: An Abstract

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Abstract This paper aims to explain loyalty with customer satisfaction as well as with a brand performance index that represents the strength of the retailer's brand in the grocery setting and in a market under recession. The study is based on data collected through a telephone survey from 2000 participants responsible for the household grocery shopping with a quota of 250 respondents from each of the leading grocery retailers in Greece. A formative measurement model was developed, and the collected data were analyzed using partial least square path modeling.

The findings confirmed that the strength of the retailer's brand has a direct positive impact on loyalty and thus is a strong predictor of loyalty. Results also confirmed the direct positive impact of customer satisfaction to brand strength and loyalty. It is also suggested that the expectations and the perceptions toward the retailer's product offering are the most important drivers of customer satisfaction and loyalty. Interestingly, the effect of indirect impact of expectations to customer satisfaction is greater than the direct effect. Furthermore, the study has proved the importance of the functional store attributes to customer satisfaction and loyalty in the grocery store setting.

Even though the study has confirmed the effect of the retailer's brand strength and of customer satisfaction on loyalty, this cause-effect relationship is more complex. A limitation of this study is that it is exclusively undertaken in the Greek grocery industry, although it includes grocery companies with different characteristics and strategies. In addition, respondents were asked to respond for the retailer overall, but their responses might be influenced by their experience with a specific store of the retailer. Future research to explore the findings from this research in other countries and in other industries is necessary. In addition, further analysis should be made in order to identify if there are significant differences among the different grocery retailers that were included in the sample. Also, the construct of brand strength should be conceptualized as a second-order construct since it will facilitate understanding of the formation process.

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The author believes that the findings provide useful and relevant insights that are applicable to both academics and retail marketing professionals in the important and complex issue of customer loyalty.

References Available Upon Request