

## **Building Store Satisfaction Centred on Customer Retention in Clothing Retailing: Store Design and Ease of Shopping**

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### **Abstract**

The study's research model suggests that store design and ease of shopping are associated with customer retention through a mediated pathway in which store design and ease of shopping influence perceived store satisfaction, which in turn, influences customer retention. This survey was administered to two separate clothing stores offered to either females or males (in total, 533 participants). Using structural equation modelling methodology, data was analysed to explain the interrelations among the variables in the model. The results of an empirical study of a sample of store shoppers revealed that store design and ease of shopping influence customer retention in an indirect way through customer perception of satisfaction with the store. In building store satisfaction that is centred on customer retention, store design and shopping ease differ in their relative influences. This difference is high for females, but for men as low as to be considered negligible in males. As a result, improving customers' perceptions of store design and ease of shopping is a way to ensure store satisfaction support customer retention. The results of the study provide a new insight into the relationships by suggesting indirect effects of shopping ease and store design on consumer retention by their impacts on store satisfaction, rather than direct effects.

**Key Words:** Satisfaction, Customer retention, Store design, Shopping ease, Brand consciousness

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### **1. Introduction**

Over the years, numerous studies in literature have attempted to explore ways in which the brands influence customers' propensity and/or behaviour. One way their behavioural intention can be controlled is to build a tight loyalty between customers and brand, which refers to the degree to which customers are predisposed to stay with one product or supplier. Thus, exploring factors that contribute to retaining customers is still a noteworthy area in academics and marketing practices platforms.

Perceived satisfaction with the store is seen as a major marketing tool for the retailers in their struggle for retaining customers. The store owners need, in achieving high level of satisfaction, knowledge of the attributes customers use to evaluate stores. First, the demand for convenience shopping is of increasing interest to marketers. Convenience demand is derived by a number of reasons including the increasing need of time spent on psychical and mental well-being, increasing number of women entering into the workforce, customer perception of limited time. Second, the place where a product is bought and/or consumed is important at least as much as the product itself in shaping shoppers' perception of satisfaction with the store. Especially for customers who prefer shopping more in stores than from home, retailers should also engage in store design to make the act of buying more attractive. Some people feel a sense of relief during and/or after shopping. As such, store design should be used to excite positive feeling of any kind, thereby changing the way shoppers behave. Out of a large number of store-related attributes revealed in

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literature, the interest of this study is, therefore, towards ease of shopping as a convenience criterion and store design. Here, the question the study seeks to answer is – Do two aspects of store-related determine the level of customer satisfaction with the retail store? And, if so, then does the satisfaction caused by store design and ease of shopping influence customer retention? Specifically, the study is centred upon what difference there is across the effects of these two aspects on perceived satisfaction in relation to loyalty. For these purposes, this study aims to answer the questions by clarifying what interrelationships exist across store design, ease of shopping, perceived store satisfaction, brand consciousness and customer loyalty (or retention). Because consumers' consumption patterns could vary by whether they are with high brand consciousness (e.g. Liao and Wang, 2009), brand consciousness is also involved in this survey. Having brand consciousness, as a style of consumer decision-making (Fan and Xiao, 1998), should be essential, initially to get consumer retention to the brand.

Due to a plethora of advantages including more user share or market share (Raj, 1985; Chaudhuri and Holbrook, 2001), a continuing stream of profit (Yi and La, 2004; Bastos and Gallego, 2008), reduction of marketing costs, increase in referral, increase in price premium and switching barriers against competitors' promotion efforts (Yi and La, 2004), a company is obliged to retain existing relations with its regular buyers because, as noted in the past literature, retaining customers is less costly than obtaining new ones (Reichheld and Kenny, 1990; Reichheld and Sasser, 1990; Ang and Buttle, 2006; Kassim and Souiden, 2007; Ahmad and Buttle, 2010). Customers can only be retained if they are loyal. Retained or loyal consumers are able to assist a company to preserve and increase its market share and profits because they are hardly affected by such attractive marketing challenges as an aggressive competition (like quoting price below unit cost of product), special promotions and so forth. This provides the company a large number of advantages like *price premium* and much less vulnerability against its rivals. Other consumers, in contrast, who are not loyal to a brand, will easily switch back and forth among rival brands under the same circumstances. On the one hand, another advantage of retained or loyal consumers is that they have a potential to convince non-users to use a brand via *positive word of mouth*. It would spontaneously enable a company to decrease advertising costs through recommendations made by consumers who have had positive experience and/or feelings about its brand. Retained customers will *intent to repurchase* a needed product or service from the same place and/or brand in the future. Similarly, repurchase intention, willingness to pay more, word-of-mouth referral and recommend-to-others have been noted as indicants of consumer loyalty or retention by a large spectrum of researchers; intention-to-buy or repurchase intention (e.g. Anderson and Sullivan, 1993; Oliver, 1997; Cronin and Taylor, 1992), willingness to pay more or less price sensitive (Zeithaml et al., 1996; Chaudhuri and Holbrook, 2001), intention of positive word of mouth (Dekimpe et al., 1997; Rundle-Thiele and Mackay, 2001). Following previous literature (e.g. Cronin and Taylor, 1992; Zeithaml et al., 1996; Yoon et al., 2010), the study is applying behavioural measures to determine the degree of retention of customers to a retail store, including repurchase intention, high tolerance for price premium, and positive word-of-mouth and/or recommendation to others.

To date, some extant literature has researched consumer perceptions of store design and shopping ease to direct effect on their behavioural outcomes. To illustrate, Grewal et al. (2003) show a positive relationship between store atmosphere evaluations and store patronage intentions. Also, as an indicant of shopping ease in terms of shopping convenience, time pressure is observed to negatively impact the shopping frequency at supermarkets (Skallerud et al., 2009). However, some other researchers explain that store design and shopping ease have indirect effects on customers' behavioural outcomes through a variety of ways. For instance, store design is found significant to indirect effect on store patronage intentions via store choice criteria (Baker et al., 2002). Defined as the degree of reduction of time and effort to be put in by consumers in order to purchase and/or consume a product (Kelley, 1958), convenience is associated with behavioural intentions and satisfaction partially mediates this relationship (Chang and Polonsky, 2012). Taking into account of satisfaction perception attributed to a retail store as well as brand consciousness, this study contributes to the refinement of relationships among store design, ease of shopping, brand consciousness, satisfaction with the retail store and customer retention. The results of the study provide a new insight into the relationships by suggesting indirect effects of store design and shopping ease on customer retention by their impacts on store satisfaction, rather than direct effects.

First, the research framework is presented. Then, the relationships among the above mentioned variables are tested by using data collected from samples of 261 female and 272 male individuals in Turkey. The relationships of interest are examined for two separate retail stores that carry a number of clothing items and are familiar to individuals into the market. Finally, the results for brand managers and academics are summarized and discussed.

## 2. Literature Review

### 2. Theoretical Framework and Hypotheses

#### 2.1. Customer Retention (or Loyalty)

Customer retention and customer loyalty have been used interchangeably in the field of marketing and consumer studies. Since the high retention of customers or a low defection rate determines long term profit levels (Zeithaml et al., 1996; Ang and Buttle, 2006; Bastos and Gallego, 2008; Sramek et al., 2009), this study attempts to arouse interest of marketing managers and practitioners to at least a few of store-related elements necessary to be considered so as to keep their customers active with the store. Loyalty in a consumer context has typically referred to a 'behavioural response expressed over time' (Dick and Basu, 1994; Olsen, 2002; Tuu et al., 2011) involving intended future purchases being made, pay price premium, word-of-mouth referral. In line with previous studies, the current study used the combination of intention to repurchase, willingness to pay more and positive word-of-mouth measures (e.g. Cronin and Taylor, 1992; Zeithaml et al., 1996; Yoon et al., 2010) in order to assess a global and cumulative 'customer retention' measure.

#### 2.2. Perceived Store Satisfaction and Customer Retention

In contemporary marketing, it's argued that satisfaction is influenced by cognitive judgments, such as expectations and disconfirmation, and emotions derived from the pre-, during and post-consumption experiences (Mano and Oliver, 1993; Oliver, 1994; Wirtz and Bateson, 1999; Wirtz, Mattila and Tan, 2000; Jun et al., 2001; Yu and Dean, 2001; Bowen and Clarke, 2002; Phillips and Baumgartner, 2002; Dolen et al., 2004; Bigne', Andreu and Gnoth, 2005), and it does not mean the same thing to everyone (Oliver, 1980). The cognitive-based consumption evaluations occur in the case when a chosen alternative (e.g., a retail store) at least meets or exceeds the needs of its users in comparison to some kind of expectation standards (Engel, Blackwell and Miniard, 1993; Wirtz, 1993; Liljander and Strandvik, 1997; Oliver, 1999; Levy and Weitz, 2007:105; Kursunluoglu 2011). The emotional-based evaluations also occur by consumers' shopping and consumption experiences, including emotions such as happiness, surprise and disappointment (Oliver, 1993; Liljander and Strandvik, 1997; Cronin et al, 2000; Yu and Dean, 2001). In this sense, in a similar approach to that of Westbrook (1981), satisfaction with a retail establishment (or retail store) is defined in this study as an individual's cognitive-affective state that occurs in response to an evaluation of a set of experiences realized from patronizing that retailer.

Customer retention refers to a desired outcome in the future to satisfaction. Thus, long-term continuation of relationship is manifested by satisfaction (Biong, 1993; Cronin et al., 2000). The impact of satisfaction on customer retention has been extensively studied so far (e.g. Olsen, 2002; Sramek et al., 2009; Dimitriadis, 2010). To illustrate, Olsen (2002), in analysing the relationship between perceived quality performance, customer satisfaction, and repurchase loyalty across different products and evaluation procedures, found a strong positive relationship between satisfaction and loyalty. Studied on the influence of perceived relational benefits on satisfaction with the bank and on three behavioural outcomes, word-of-mouth, intention to continue the relationship and cross-buying, Dimitriadis (2010) also found that in retail banking, if customers are satisfied they are motivated to continue their relationship with their bank and to spread their positive feelings to other customers. Highly satisfied customers are most likely to intend to repurchase the products of the retailer with whom they are satisfied (Zeithaml et al., 1996; Hoyer and MacInnis, 1997; Anderson, 1998; Turhan and Ozbek, 2013), recommend the retailer (or the source) to other customers (Dick and Basu, 1994; Reynolds and Arnold, 2000; Ranaweera and Prabhu, 2003), and have willingness to pay higher prices for the retail branded products (Anderson, 1996; Hermann et al., 2004). Therefore, the current

study suggests that perceive store satisfaction leads to customer retention as that is the extent of behavioural outcomes, such as positive word-of-mouth, intention to stay in the relationship and willingness to pay higher price.

### 2.3. Store Design, Perceived Store Satisfaction and Customer Retention

Effectively designing the place where a product is bought and/or consumed is a significant way to make consumers more satisfied with the store during at least shopping hours by creating positive feelings and beliefs. According to the researcher Kotler (1973:50), the effort to design buying environments (e.g. store atmospherics) to produce specific emotional effects on buyers will enhance their purchase probability. As stated by Hart and Rosenberger (2004), 'In some cases, the place, more specifically the atmosphere of the place, is more influential than the product itself in the purchase decision.' Applied to signify the tangible aspects of the interior store environment (Bäckström and Johansson, 2006), design factors may be functional and/or aesthetic in nature. Store layout, comfort and privacy are functional store elements whereas factors such as architecture, colour, materials and style are aesthetic store elements (Baker et al., 1994).

In the previous store environment studies, some researchers examined how general constructs such as 'store atmosphere' or 'physical attractiveness' of the store affect store patronage intentions. Some others demonstrated that various environmental elements such as music, colour, scent and crowding, taken one at a time, affect consumer responses. A bundle of store environment cues (e.g. social, design, ambient) are possibly influential in shaping consumers' assessments of a store on store choice decision (Baker et al., 2002) and their emotional and behavioural responses that lead to patronage attitudes and behaviours toward the retail store (Ridgeway et al., 1989; Kerin et al., 1992). Having researched on layout as an example of a design cue, Baker and others (2002) show that design cues have a stronger and more pervasive influence on various store choice criteria, such as perceived merchandise value and shopping experience costs, than do store employee and music cues. Also, previous studies showed that design elements in the environment influence individuals' evaluations of people and objects (e.g. Morrow and McElroy, 1981). For instance, colour is found to affect consumer's evaluations of the store and merchandise it carried and frequently used in the retail store design to physically attract or draw shoppers' attention to a retail display (Bellizzi et al., 1983). As such, the study's interest is mainly focused on the extent to which customers' perceptions emanating from the store design elements especially in aesthetic nature (e.g. appearance, colour) influence perceived store satisfaction, and how those perceptions, in turn, influence customer retention or patronage intention. Mehrabian and Russell's (1974) stimulus-organism response theory, which posits that the influence of physical environments is primarily affective, also suggests that poorly designed store environments may reduce shopping pleasure (Spies, Hesse, and Loesch, 1997). Accordingly, as customers' perceptions of store design become more favourable, they will be more satisfied with the store. And, perceived store satisfaction will fully mediate the association between store design and customer retention.

H1: Perceived store satisfaction does fully mediate the effect of store design on customer retention; that is;

H<sub>1a</sub>: Perceived store satisfaction is positively effective on store design.

H<sub>12b</sub>: Store design is positively effective on customer retention.

H<sub>1c</sub>: Store design is not effective on customer retention.

### 2.4. Ease of Shopping, Perceived Store Satisfaction and Customer Retention

Some sources describe the term 'convenience' as a property of a product and/or service or shopping, it is defined in most of the marketing textbook relative to the effort expended by the consumer in purchasing a product. The effort refers to the objective amount of time and energy required to purchase a product (Brown and McEnally, 1993). According to Berry and others (2002), the greater the time and energy costs associated with a service (or shopping) are the lower consumer perceptions of service (shopping) convenience will be. Once a person is convenience-oriented consumer, he/she will seek to accomplish a task in the shortest time with the least expenditure of human energy (Seiders et al., 2005). As it is commonly known, there exists the need for convenience in the acquisition, consumption, and disposal phases of product ownership (Brown and McEnally, 1993). Rather than other types of

convenience, acquisition convenience is an interest of the current study that attempts to provide a deeper insight into why customers prefer shopping in-store than shopping at home, or vice versa, resulting in their satisfaction with the store and leading to customer retention through satisfaction. In shopping, 'ease of acquisition' is related to the time and energy required in acquisition of offerings (Brown and McEnally, 1993). Following the convenience approach of Brown and McEnally (1993), and Moeller et al. (2009), the author has characterized the concept of 'ease of shopping (or acquisition)' as the consumer's perceived degree of reduction in the amount of time and/or energy required to acquire a product or service relative to the time and energy required by other offerings in the product/service class. Shopping ease can be regarded as a retailer service which adds to consumers' comfort in buying a product from the retail store (e.g. service convenience, see Thuy, 2011). Convenience could be offered by the retailer in different ways that encompasses the entire shopping experience (decision, access, search, transaction, and after-sales convenience) (Brown and McEnally, 1993; Moeller et al., 2009). As shopping ease is considered from the perspective of access convenience, there exists a range of alternatives that make a store easier to reach, including an accessible location, parking availability, store hours, proximity to other stores, Internet and *telephone access* (Moeller et al., 2009), *home delivery* and so forth. The time-consuming part of shopping at a store-driving, parking, and coping with traffic and crowds can be eliminated (Moeller et al., 2009) by offering the facilities of telephone access and/or home delivery to shoppers. This affects consumers since it allows for a more efficient shopping visit?).

Thanks to the scarcity of time caused by changes in life styles and life cycles, e.g. increasing number of women in the workforce (Brown and McEnally, 1993), people value quick-and-easy shopping excursions (Seiders et al., 2000). Busy individuals will be satisfied with the retail offers that make it easier and faster to shop. Seiders et al. (2000) explain that because the majority of people have far less leisure time than in the past, they favour retailers that save them time and energy. Chang and Polonsky (2012) show that hospitality organizations (e.g., health clubs) deliver better service value by making their services more convenient to customers within a leisure setting, thereby resulting in higher level of satisfaction. Service convenience is found to have a direct effect on consumers' perception of satisfaction with encounter or experience (Berry et al., 2002) and/or the service provider (Chang et al., 2010). Hsu et al. (2010) advocate that when customers can conveniently and easily experience the benefits of the services, they are more likely to be satisfied and use them again. Similarly, Farquhar and Rowley (2009) point out that exerted effort (physical, cognitive, and emotional) is acknowledged as a distinct type of non-monetary cost that is associated with perceptions of convenience, and influences satisfaction.

In the past literature, some researchers (e.g. Skallerud et al., 2009) argue that there is a direct relation between consumer perceptions of convenience and their behavioural intentions whereas some others (e.g. Chang et al., 2010) examine indirect relation between them, mediated by satisfaction, that is, that convenience indirectly affects consumer behavioural outcomes through satisfaction. In addition, some others (e.g. Chang and Polonsky, 2012) expect that convenience influences behavioural intentions not only directly, but also indirectly by increasing perceived satisfaction, which means that customers' satisfaction does not fully mediate the effect of convenience on behavioural intentions. The current study, as in the works of the researcher Chang et al. (2010) and Chang and Polonsky (2012), propose that building convenience into shopping will increase customers' level of satisfaction, which in turn increase the likelihood that customers will behave positively in the future (e.g. form intentions to repurchase, spread positive word-of-mouth, show high tolerance for higher price). That is, perceived satisfaction is considered as a full mediator in the relationship between shopping convenience and customer retention. Identified in terms of shopping ease (home delivery and shopping by phone), customers' perceptions of convenience will indirectly affect their retention through its impact on satisfaction with the store in the context of retailing.

H<sub>2</sub>: Perceived store satisfaction does fully mediate the effect of shopping ease on customer retention. Accordingly,

H<sub>2a</sub>: Perceived store satisfaction is positively effective on shopping ease.

H<sub>12b</sub>: Shopping ease is positively effective on customer retention.

H<sub>2c</sub>: Shopping ease is not effective on customer retention.

### 2.5. Brand Consciousness and Customer Retention

Brand consciousness is a psychological construct (Liao and Wang, 2009), referring to the need or desire to purchase well-known national brands, higher priced brands and/or the most advertised brands (Sproles and Kendall, 1986; Liao and Wang, 2009; Ghazali, 2011). It plays an important role in the psychological process that precedes the buying act. When it comes to consumption pattern, consumers with high brand consciousness prefer purchasing expensive and well-known brand-name products (Lachance et al., 2003) because of some reasons. It's possibly due to the fact that they perceive brands to be symbols of status and prestige (Lehmann and Winer, 1997). This can be explained with social identification theory which is related to people's sense of belonging to a certain group, which is widely used in social psychology (Kim, Han and Park, 2001). For example, Lachance et al. (2003) explain that wearing clothes with prestigious brand names seems to be an important means by which adolescents gain social appreciation and develop positive self-esteem. Also, the purchase of products that is sold by well-known and/or highly advertised brand has been tied to the reason that the brands provide consumers with a sense of familiarity with products, and reduce risk in purchasing (Lehmann and Winer, 1997). Consequently, brand consciousness is necessary to be considered in order to be able to derive customer retention. The author argues that the notion that

H<sub>3</sub>: Brand consciousness is positively effective on customer retention.

The hypotheses in this study are extracted from the theoretical model in Figure 1 demonstrated-below.

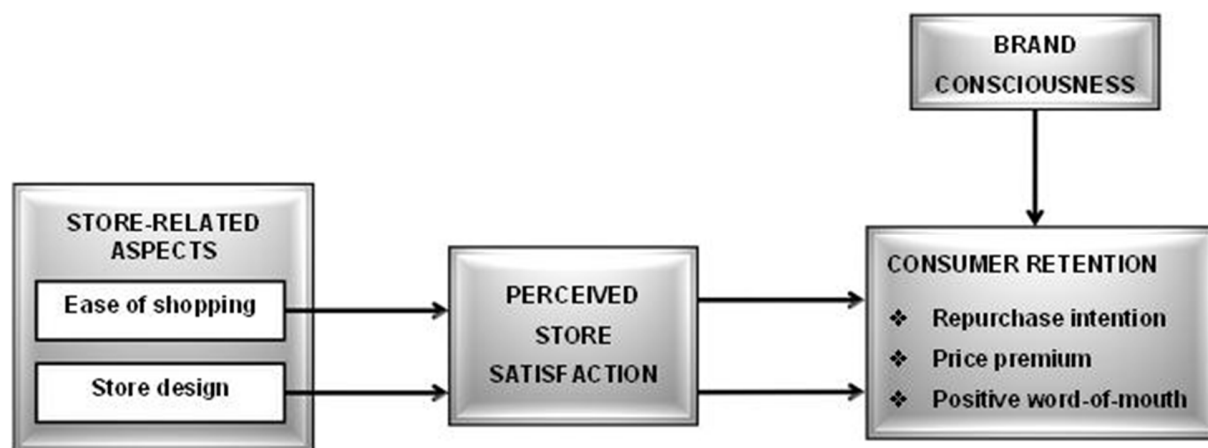


Figure 1. Proposed Model Path Diagram

## 3. Methodology and Data

### 3.1 Data and Sample

In Istanbul city of Turkey, the author has taken a look to examine how store design and ease of shopping influence customer retention through perceived store satisfaction by surveying a total of 533 clothing shoppers. The survey sample contained slightly more males (51 %) than females (49 %). All respondents were aged between 18 and 50 with a mean age of 22 for females (S.D.=4) and 23 for males (S.D.=4). Roughly two-thirds of them were ranged in age from 18 and 22 years (62 % of females; 67 % of males). Almost all females (90 %) and males (96 %) reported that they are unmarried. The large majority of sample indicated to have no job (75 % females, 70 % males). Out of female respondents, 10 % is university graduate when 81 % is still studying at a university. Regarding their education years, 5 % is at preparation stage, 30 % is at 1<sup>st</sup> year, 19 % is at 2<sup>nd</sup> year, 19 % is at 3<sup>rd</sup> year, and 16 % is at 4<sup>th</sup> year and above. Out of male respondents, 14 % has graduated from university when 83 % is still studying at a university. As for their education years, 6 % is at preparation stage, 21 % is at 1<sup>st</sup> year, 23 % is at 2<sup>nd</sup> year, 24 % is at 3<sup>rd</sup> year, and 14 % is at 4<sup>th</sup> year and above. Approximately, the mean of personal income of all sample ranged from £ 30 to £ 2100. Personal income was on average £ 227 for female sample (S.D.= £ 170) and £ 253 for male sample (£

196). In addition, their monthly income in household level was scattered between the lowest £ 90 and the highest £ 7000. Household income was on average £ 1027 (S.D.= £ 770) in the group of females and £ 915 (S.D.= £ 712) in the group of males.

### 3.2 Procedure

To prevent differences in response patterns due to different reference points, a brand with high familiarity in a particular product category (e.g. clothing) was determined for all respondents to answer the questionnaire with reference to it. This brand example was chosen separately for different genders because the most preferred store to shop can differ in females versus males. In a pre-test, the respondents were asked to name a brand with which they are familiar in the clothing category. They were requested to think about that brand when completing the entire questionnaire. The pre-test results revealed that brands with the highest score at familiarity seem to be international brands. While the research results are reported, two symbolic names are used throughout the text; Brand F that is offered to a sample of female, and Brand M that is responded by a sample of male sample.

In the construction of questionnaires, a pre-test was used with an attempt of making any wording changes necessary to improve the clarity and specificity of scales. The wording of some items was modified without diluting the meaning and context of the interest scales. After a pre-test, two different versions of the same questionnaire were prepared by randomly varying the order of presentation of items in each version in order to reduce primacy and recency effects. The survey instrument was also varied by two store brand examples that carry a number of clothing items and are familiar to consumers into the marketplace. In terms of response options, a five-point Likert scale as recommended by Ryan and Garland (1999) was chosen. In addition, the scales were labelled at all points to increase reliability of the instrument (Churchill and Peter, 1985) and ranged from 'strongly disagree' (1) to 'strongly agree' (5) with 'undecided' being the midpoint (3). All survey questionnaires were administered at random to each participant in four distinct universities in the city of Istanbul, Turkey. High response rate was achieved with the percentage of 92, resulting in 533 usable surveys.

### 3.3 Measurement of Variables

Customer retention (or loyalty) was operationalized as overall behavioural intention since loyalty in this study was based on overall value evaluated by the composite of an array of behavioural intentions, in the form of repurchase intention (5 items, Lau and Lee, 1999; Taylor et al., 2004; Bruner et al., 2005:442), price premium (4 items, Aaker, 1996) and positive word-of-mouth (3 items, Lau and Lee, 1999; Seo et al., 2011). Store design scale was composed of two items, measuring the degree to which a customer holds positive perceptions of a retail store's interior design factors such as colour, appearance (Bruner, James and Hensel 2001:624). Ease of shopping was measured using 2 items, including consumer perceptions of convenience of the shopping by at home (e.g. home delivery, telephone access) in terms of the use of time or effort, adapted from the work of Bruner and Hensel (1994:169). The measure of perceived store satisfaction, including 7 items adapted from the work of Taylor et al. (2004), was based on respondents' overall assessments as to whether their expectations are fulfilled by the store. Four statements, adapted from previous studies (e.g. Shim and Cehrt, 1996; Donthu and Garcia, 1999; Burnet et al., 2001:114-5; Hiu et al., 2001), were used to measure brand consciousness, referring to the degree to which a person expresses a desire to buy 'brand name products'. This measure implies that the consumers prefer nationally known brands rather than private distributor brands or generic goods (Burnet et al. 2005:132).

## 4. Analysis and Results

### 4.1. Measurement Properties of the Scales

The psychometric properties of the measures were assessed using an array of multivariate statistical methods, such as exploratory (EFA) and confirmatory factor analysis (CFA). The properties resulted from the analysis are summarized in Appendix A. In these analyses conducted at individual level, the effective sample size is 533. First, EFA was separately carried out in order for all constructs (repurchase intention, price premium, word-of-mouth, perceived store satisfaction, store design, ease of shopping, brand consciousness) to uncover the pattern of a battery

of measured variables. In each of the EFA, the items were meant to measure the same construct were clustered together, providing evidence for the unidimensionality of their corresponding scale (a cut-off point of eigenvalue = 1).

Next, EFA with an oblique rotation was applied for consumer loyalty-outcomes, allowing for correlation among their respective measurement items. The general pattern of factor loadings revealed that a three-factor solution was obtained in a way to represent three outcomes of loyalty including repurchase intention with 5 items, price premium composed of 4 items and people's willingness to word-of-mouth referral including 3 items. Specified as a single four-factor model that involves three outcomes in question, customer retention was also subjected to CFA in which factors were allowed to be correlated. Results of a four-factor model with correlated factors revealed that chi-square value is significant ( $\chi^2=307.18$ ,  $df=51$ ,  $p=.000$ ), but all goodness of fit indices show that this model fits the observed data adequately well (comparative fit index [CFI]=.94, goodness-of-fit index [GFI]=.91, standardized root mean square residual [SRMR]=.048, adjusted goodness of fit index [AGFI]=.87, normed fit index [NFI]=.93, incremental fit index [IFI]=.94 and root mean square error of approximation, [RMSEA]=.097. Specifically, while RMSEA value of .097 and AGFI of .87 are at the acceptable levels, other fit indices indicate a very good model fit. As further evidence of convergent validity, all factor loadings for three loyalty-outcomes (repurchase intention, price premium, word-of-mouth referral) were large ( $\geq .70$ ) and highly significant (t values ranging from 17.63 to 23.73). For use in further analyses, a single indicator of consumer loyalty is relied upon a composite score by averaging the mean scores of each dimension (or outcome).

Finally, full measurement model was evaluated by combining all constructs (perceived store satisfaction, store design, ease of shopping, brand consciousness and a consumer loyalty derived by aggregating three distinct indicants representing its outcomes) into the larger CFA. Because customer retention is reflected by a single indicator (a composite score) in the empirical model, the error term for the indicant is set at 10 per cent of its observed variance. Examination of full measurement model suggests that the model indicates a satisfactorily good fit with observed data. The model chi-square is 202.57 with 56 degrees of freedom ( $p=.000$ ). Although the overall chi-square test is significant given its sensitivity to large sample size, other fit indices indicate a good fit with CFI=.94, GFI=.94, SRMR=.046, AGFI=.91, NFI=.92, IFI=.94, and RMSEA=.070. Standardized factor loadings for each item to its relative construct (with the lowest t-value being 14.54) are large and significant, providing support for the convergent validity of the scales. In addition to the standardized factor loadings in the full measurement model, convergent validity in the current study was examined by observing the value of composite reliability (CR) and average variance extracted (AVE) for each construct (Hair et al., 1998; Hair et al., 2006). For all constructs, composite reliability ( $\rho$ ) is above .70, index of average variance extracted ( $\rho_{vc(m)}$ ) is greater than .50. Discriminant validity for all the scales is also obtained, since the average variance extracted for each construct is greater than the squared inter-construct correlations (Fornell and Larcker, 1981). As in the work of Yilmaz and Hunt (2001), discriminant validity was also obtained using chi-square difference tests for all pairs of constructs. That is, all pair-wise construct correlations are shown to be significantly below unity ( $\Delta\chi^2>3.84$ ). Consequently, it is concluded that the measures have construct validity in terms of convergent and discriminant validity. Also, the measures are observed to be adequately reliable because all reliability estimates are well-beyond the threshold levels recommended by Nunnally (1978) and Fornell and Larcker (1981). All reliability statistics together with measurement items are provided in Appendix A, including coefficient alphas ( $\alpha>.70$ ), LISREL-based internal consistency estimate (e.g.  $CR>.70$ ), and the amount of variance captured by each construct in relation to measurement error (e.g.  $AVE>.50$ ).

#### 4.2. Means, Standard Deviations and Correlations of the Study Variables

Descriptive statistics such as mean scores, standard deviations and inter-correlations of the study variables are presented in Table 1 and Table 2. As shown in the tables, on the average, the levels of store design was judged by both samples to be higher than that of shopping ease on a five-point scale. For the female group, the mean of store design is 3.49 with a standard deviation of .93 when the mean of shopping ease is 2.74 with a standard deviation of .87. On the other hand, for the male group, mean values for store design and shopping ease are 3.05 (S.D=.94) and



2.85 (S.D.=.89), respectively. The level of satisfaction perceived for the retail store by both samples is above average rating (mean=3.10, S.D.=.74 for the sample of females, mean=2.89 S.D.=.87 for the sample of males). Respondents' scores on the four brand consciousness items fell near the mid-point of the five point scale with standard deviations (mean=2.67, S.D.=.82 for females, mean=2.57, S.D.=.95 for males). For the level of respondents' retention to the store brands of interest, the mean score in the group of females (mean=2.82, S.D.=.80) when it is relatively high in the group of male is low (mean=2.57, S.D.=.89). The standard deviation scores of customer retention, in conjunction with the mean, show that females' responses are between 2.02 (2.82-.80) and 3.62 (2.82+.80) when males' responses lie between 1.68 (2.57-.89) and 3.46 (2.57+.89).

The information of bivariate correlations across variables in hypothesized relations is gathered from tables. The correlation values show that perceived store satisfaction has a significant at the level of .01 and positive association with store design ( $r=.492$  for the sample of females;  $r=.563$  for the sample of males) and shopping ease ( $r=.336$ ;  $r=.591$ , respectively). In addition, the correlation of customer retention with perceived store satisfaction ( $r=.540$  for female sample;  $r=.683$  for male sample,  $p=.01$ ) and brand consciousness ( $r=.330$  for females;  $r=.300$  for males) is found significant at the level of .01 and positive.

**Table 1.** Study Data Descriptive Statistics and Correlation Matrix (Brand F)

	Descriptive Statistics		Correlation Matrix				
	Mean	S.D.	DSGN	EASE	SAT	CONS	CR
N=261							
Store design (DSGN)	3.49	.93	1				
Ease of shopping (EASE)	2.74	.87	.169**	1			
Perceived store satisfaction (SAT)	3.10	.74	.492**	.336**	1		
Brand Consciousness (CONS)	2.67	.82	.143*	.051	.153*	1	
Customer retention (CR)	2.82	.80	.281**	.227**	.540**	.330**	1

\*. Correlation is significant at the .05 level (2-tailed). \*\*. Correlation is significant at the .01 level (2-tailed).

N: The number of persons surveyed, SD: Standard deviation.

**Table 2.** Study Data Descriptive Statistics and Correlation Matrix (Brand M)

	Descriptive statistics		Correlation Matrix				
	Mean	S.D.	DSGN	EASE	SAT	CONS	CR
N=272							
Store design (DSGN)	3.05	.94	1				
Ease of shopping (EASE)	2.85	.89	.457**	1			
Perceived store satisfaction (SAT)	2.89	.87	.563**	.591**	1		
Brand Consciousness (CONS)	2.61	1.00	.346**	.242**	.328**	1	
Customer retention (CR)	2.57	.89	.440**	.489**	.683**	.300**	1

\*\*Correlation is significant at the .01 level (2-tailed)

N: The number of persons surveyed, SD: Standard deviation.

#### 4.3. Hypothesis Testing and Results

Maximum likelihood estimation method in the structural equation modelling program in Lisrel 8.51 was used to estimate model fit and test research hypotheses. The tests of hypothesis were separately administered to two distinct retail brands in clothing product category, both of which had the highest familiarity to either a sample of female or male (in turn, Brand F and Brand M). The fit indices and parameter estimates for the proposed research model are displayed in Table 3 and Table 4. The path diagram with the all estimated coefficients for proposed model is also displayed in Figure 2 and Figure 3.

In the relations of store design and shopping ease with customer retention, perceived store satisfaction is predicted as a mediator factor. This mediation effect is examined by comparing the nested model with parameter constraints and the full unconstrained model. Firstly, the full unconstrained model is analysed, which is in the form of the

partially mediated model including both direct and indirect paths linking to customer retention. The resulting fit indices indicate acceptable fit [Brand M (261):  $\chi^2=119.39$  (df=57; p-value=.000), CFI=.95, SRMR=.044, RMSEA=.064; Brand F (N=272):  $\chi^2=132.73$  (df=57; P-value=.000), CFI=.93, SRMR=.059, RMSEA=.071] and the model accounted for considerable proportion of the observed variance in customer retention (44% for Brand M and 40% for Brand F). However, none of the path coefficients linking both store design and shopping ease directly to customer retention are significant at the .05 level ( $H_{1c}$  and  $H_{2c}$  are supported). The chi-square for the nested model, in the form of fully mediated model including only indirect paths from both store design and shopping ease to customer retention through perceived store satisfaction, is 136.59 (df=59, p-value=.000) with a CFI of .92, SRMR of .060 and RMSEA of .071 for Brand F and 120.95 (df=59, p-value=.000) with a CFI of .95, SRMR of .044 and RMSEA of .062 for Brand M. Comparison with the partially mediated model indicates that the fully mediated model is a significantly better fit than the partially mediated model, given (1) the non-significant overall change in chi-square [ $\Delta\chi^2(2)=1.56$  (Brand M), n.s.;  $\Delta\chi^2(2)=3.86$  (Brand F), n.s.], (2) the small change in chi-square (e.g. RMSEA), and (3) the increased parsimony of the fully mediated model (the nested model). This model explains considerable proportion of the observed variance in customer retention (41% for Brand F; 56% for Brand M). In addition, all path coefficients are significant as in the partially mediated model (the full unconstrained model) with only small changes in parameter estimates. It's also worthy of note that, in order to further compare the variance explained of store-related aspects and perceived store satisfaction, each is posited in a distinct model as a sole antecedent of customer retention. For Brand F, the model with store-related aspects (both store design and shopping ease) explains only

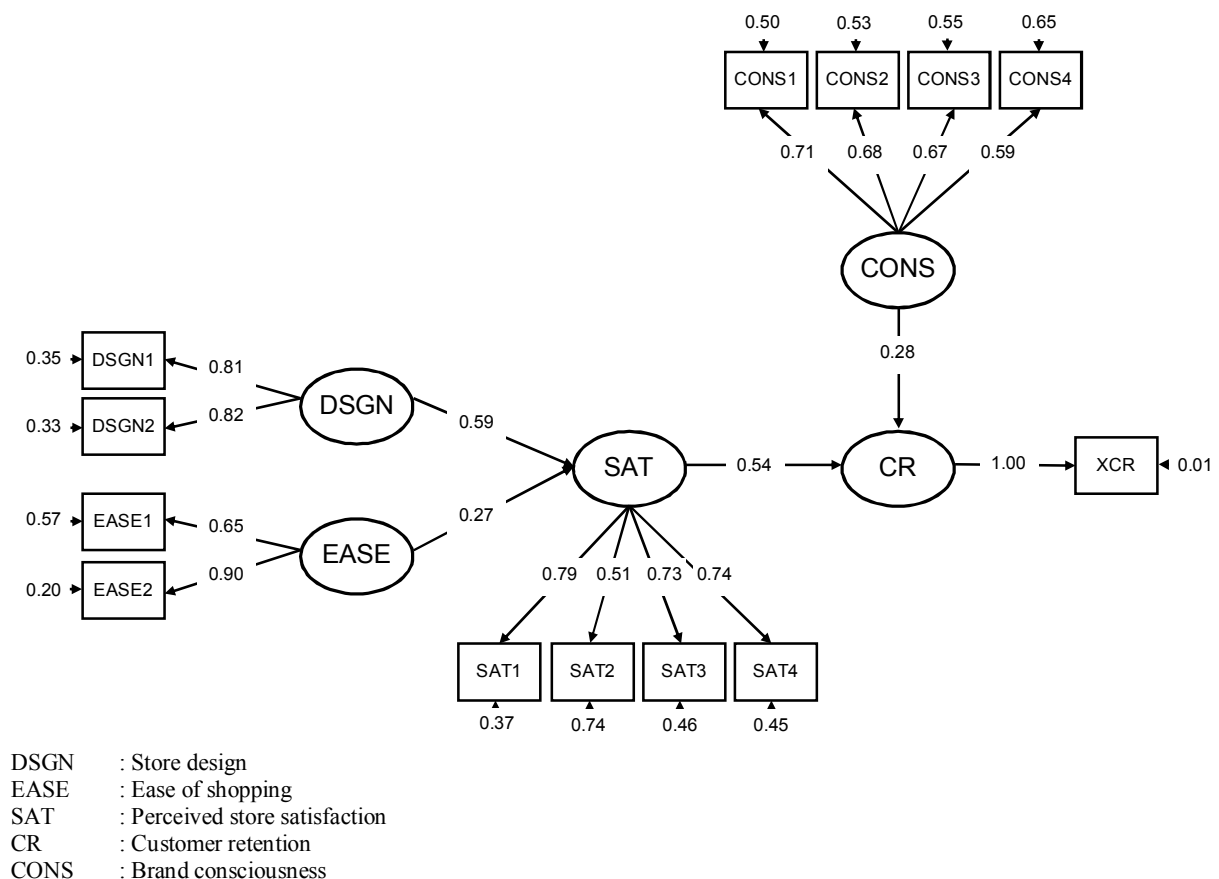


Figure 2. Proposed Research Model Results for Brand F

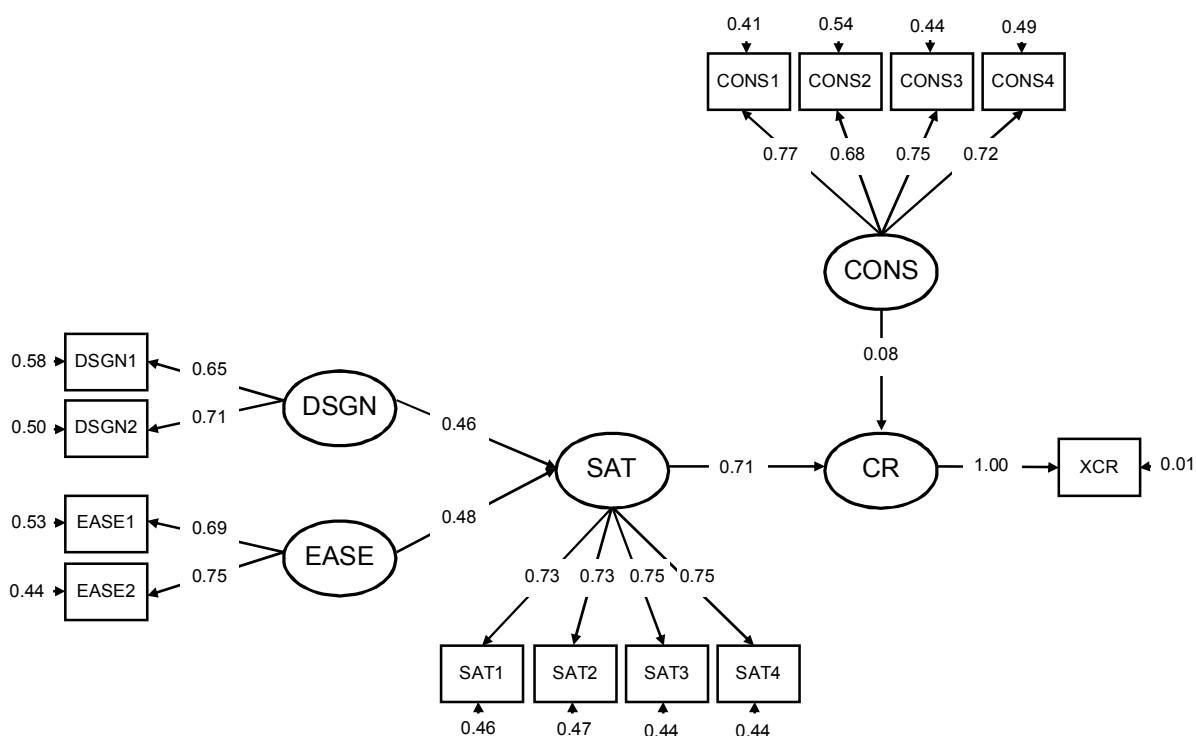
**Table 3.** Proposed Research Model Parameter Estimates with Significance Levels (Brand F)

Hypothesized path	BRAND F (Female sample)		
	Standardized parameter estimate	t-value	Hypothesis supported
H <sub>1a</sub> : Store design → Perceived store satisfaction	.59***	8.05	Yes
H <sub>2a</sub> : Ease of shopping→ Perceived store satisfaction	.27***	3.88	Yes
H <sub>12b</sub> : Perceived store satisfaction → Customer retention	.54***	8.59	Yes
H <sub>3</sub> : Brand consciousness → Customer retention	.28***	4.67	Yes

Goodness of Fit Indicators

$\chi^2(261)=136.59$ ;  $df=59$ , CFI=.92, GFI=.93, AGFI=.88, NFI=.88, SRMR=.060, RMSEA=.071

Significant level (one-tailed tests): A t-value larger than 1.282 corresponds to \* $p < .10$ , a t-value larger than 1.645 to \*\* $p < .05$ , and a t-value greater than 2.326 to \*\*\* $p < .01$ .



- DSGN : Store design
- EASE : Ease of shopping
- SAT : Perceived store satisfaction
- CR : Customer retention
- CONS : Brand consciousness

**Figure 3.** Proposed Research Model Results for Brand M

25% of the customer retention, whereas the model with perceived store satisfaction explains 43%. For Brand M, the model with two aspects of store-related explains only 41% of the customer retention, whereas the model with perceived store satisfaction explains 57%. Similarly, when brand consciousness is excluded from the fully mediated model, the variance explained in customer retention drops to 35% from 41% in the case of Brand F responded by female sample, but any change does not take place in the case of Brand M responded by male sample. Based on these results, the parameter estimates coming from the fully mediated model are reported and discussed.

The results obtained from both brand examples suggest that store design and ease of shopping exert positive and significant effects on customer retention ( $H_{1a}$  and  $H_{2a}$  are supported). Comparison with that of ease of shopping (estimate=.27, t-value=3.88), the effect of store design on customer satisfaction (estimate=.59, t-value=8.05) is stronger in Brand F. Such a notable difference between the effects of store design (estimate=.46, t-value=4.14) and shopping ease (estimate=.48, t-value=4.31) in Brand M is not observed. Not surprisingly, perceived store satisfaction is found to have positive and significant effect on customer retention ( $H_{12b}$  is supported; estimate=.54, t-value=8.59, Brand F; estimate=.71, t-value=10.65, Brand M). Lastly, the effect of brand consciousness on customer retention is positive and significant ( $H_3$  is supported; estimate=.28, t-value=4.67 for Brand F; estimate=.08, t-value=1.42 for Brand M). All results confirm the notion that both store design and shopping ease influence perceived store satisfaction, which in turn influences customer retention. It means that customer satisfaction with the store acts as a mediator between two store aspects (store design and ease of shopping) and customer retention.

**Table 4.** Proposed Research Model Parameter Estimates with Significance Levels (Brand M)

BRAND M (Male sample)			
Hypothesized path	Standardized parameter estimate	t value	Hypothesis supported
$H_{1a}$ : Store design → Perceived store satisfaction	.46***	4.14	Yes
$H_{2a}$ : Ease of shopping → Perceived store satisfaction	.48***	4.31	Yes
$H_{12b}$ : Perceived store satisfaction → Customer retention	.71***	10.65	Yes
$H_3$ : Brand consciousness → Customer retention	.08*	1.42	Yes

Goodness of Fit Indicators

$\chi^2(261)=120.95$ ;  $df=59$ , CFI=.95, GFI=.94, AGFI=.90, NFI=.91, SRMR=.044, RMSEA=.062.

Significant level (one-tailed tests): A t-value larger than 1.282 corresponds to  $*p < .10$ , a t-value larger than 1.645 to  $**p < .05$ , and a t-value greater than 2.326 to  $***p < .01$ .

## 5. Conclusions and Implications

This study is aimed to first investigate the impact of store design and shopping ease on the customer retention via indirect path through perceived store satisfaction. Second, it explores the relative weights of the two aspects of store-related on customer perception of satisfaction with the store brand in the context of clothing retailing. As expected, this empirical study's findings indicate that perceived store satisfaction mediates the relationships of store design and shopping ease with customer retention. The easier shopping at store is and the more pleasant the design of the store is, the more satisfactory it will be for the customer. Then, more satisfied customers will retain to shop at the same store. Also, the additional finding suggests that the relative weights of store design and shopping ease in the variation of store satisfaction are differentiated for at least female customers. It's found that store design is relatively more effective on the satisfaction perception of female customers during shopping. Accordingly, in comparison with ease of shopping, store design is particularly more valuable to females in their purchase decision. On the other hand, the variance amount of these store aspects explained in store satisfaction to male shoppers is generally the same. It appears that males attach almost equal importance to store design and shopping ease in fulfilling their expectations from shopping. What does not differ in gender is that these factors are just a few of many store-related elements satisfying customers' needs. Also, no matter what makes the customer satisfied, if customers feel satisfied with the store, they will more likely retain the relation with the store. Consequently, in line with expectations, customer perceptions of store design and shopping ease are found to be positively associated with customer retention, mediated by satisfaction, that is, that store design and ease of shopping indirectly affects customer retention (as a surrogate of a range of behavioural outcomes such as repurchase intention, price premium and positive word-of-mouth).

For retailers striving to satisfy their customers, they need to understand where customer satisfaction in shopping stems from. A dozen reasons why people are satisfied with the retail store have been presented in literature. In this study, store design and ease of shopping from multiple store attributes are examined for analysing customer

satisfaction with the store in a clothing retailing context. All else being equal, these two aspects of store-related are shown to be effective in building store satisfaction as one way to improve customer retention. The perceptions of store design and shopping ease in the mind of customers are necessary to be enhanced; otherwise, they will not be satisfied with the store. It will result in which a slip away and eventually no longer customers.

For further research, various elements used for designing clothing store (layout, comfort, privacy, architecture, colour, materials, style, etc.; Baker et al., 1994) can be compared in terms of their differential effects on consumers' perceptions of satisfaction with the store. How the levels or types of design elements differ in their effects might also be evaluated in upcoming studies. In this way, further research will provide deeper insights beyond overall evaluation for understanding and managing the process through which satisfaction perceptions are formed in the mind of consumers, thereby resulting in customer retention. In addition, perceived satisfaction with the store will need to consider a very broad set of convenience factors; this makes them more loyal to the store brand by ensuring intention to repurchase, price premium and positive word-of-mouth. The study has examined shopping ease as a criterion of shopping convenience that commonly takes place in shopping in such environments like home instead of interior store. In such cases, store services like home delivery and/or shopping by phone are confirmed to be important to store customers in the findings of this study. Additionally, further research should deal with the multiple stages of shopping convenience including decision, access, search, transaction, and after-sales convenience (for more info, see Brown and McEnally, 1993; Moeller et al., 2009) because, as expressed by a number of researchers, consumers could evaluate convenience differently at each stage (e.g. Berry et al., 2002; Seiders et al., 2005; Chang and Polonsky, 2012). Furthermore, the importance of each type of convenience is likely to vary across products and/or services.

Testing only a sample of university students and a couple of retail stores make generalization difficult. A limited sample group cannot represent all of the population. And, a limited number of store examples cannot be representative of all stores in clothing retailing context. Thus, future research is supposed to expand the sampling base of participants who have completely different socioeconomic backgrounds, demographic or cultural structures and the number of stores that carry different clothing items.

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**APPENDIX A. The Properties of the Measurement Model**

Measurement items	$\lambda$	t-value	AVE	$r^2_{max}$	CR
<b>CUSTOMER RETENTION (CR) <math>\alpha= .86</math></b>	1.00	32.38	N.A.	N.A.	N.A.
<b>Repurchase Intention (PI) <math>\alpha= .90</math></b>					
PI1: I would like to buy the product from this store the next time I need it.					
PI2: I intend to keep shopping at this store					
PI3: It is most likely that I will buy a product of this store again.					
PI4: When I need shopping, I prefer shopping at this store.					
PI5: When buying a product, I consider this store that sells it will be my first choice.					
<b>Price Premium (PRC) <math>\alpha= .88</math></b>					
PRC1: Though its price is 10 % more expensive than the other brands of same product, I would prefer to buy this brand.					
PRC2: I would be willing to pay a higher price for this brand than other brands.					
PRC3: Even if there are brands having lower price, I could pay more money to buy this branded product.					
PRC4: I would prefer to shop at this store even if other stores are having a sale.					
<b>Word-of-mouth (WOM) <math>\alpha= .83</math></b>					
WOM1: I often tell my friends, relatives or those who are around me how good these branded products are.					
WOM2: I share my positive experiences about this brand with others.					
WOM3: I would recommend this brand to someone who cannot decide which brand to buy in this product class.					
<b>PERCEIVED STORE SATISFACTION (SAT) <math>\alpha= .80</math></b>			.51	.40	.81
SAT1: I am sure that it was right decision to buy a product from this store.	.77	19.82			
SAT2: Among products I bought, the ones I bought from this store were the best.	.61	14.54			
SAT3: My choice to buy the products of this store was a wise thing to do for me.	.74	18.95			
SAT4: The products that I bought from this store meet my needs fully.	.74	18.89			
SAT5: Using the products that I bought from this store has been a good experience for me.	Eliminated	N.A.	N.A.	N.A.	N.A.
SAT6: I am content with shopping at this store.	Eliminated	N.A.	N.A.	N.A.	N.A.
SAT7: The products that I bought from this store have exceeded my expectations.	Eliminated	N.A.	N.A.	N.A.	N.A.
<b>EASE OF SHOPPING (EASE) <math>\alpha= .71</math></b>			.55	.21	.71
EASE1: I can order a product by phone from the store if I want.	.69	13.80			
EASE2: The product I bought is delivered to my home by the store if I want.	.79	15.21			
<b>STORE DESIGN (DSGN) <math>\alpha= .73</math></b>			.57	.29	.73
DSGN1: The store has eye-catching, attractive and flamboyant appearance.	.72	16.15			
DSGN2: The colours used in the store appear to be pleasing.	.79	17.74			
<b>BRAND CONSCIOUSNESS (CONS) <math>\alpha=.79</math></b>			.49	.11	.79
CONS1: I usually prefer to buy the product of expensive brands.	.73	17.51			
CONS2: The higher the price of a product, the better its quality.	.68	15.98			
CONS3: A product that a well-known brand all over the world sells is best for me.	.72	17.06			
CONS4: I usually purchase brand name products.	.67	15.54			
<b>GOODNESS-OF-FIT INDEX</b>					
$\chi^2(533)=202.57, df=56, p\text{-value}=.000, CFI=.94, GFI=.94, AGFI=.91, NFI=.92, SRMR=.046, RMSEA=.070$					

N.A.=Not available:

$\lambda$ : Factor loading, AVE: Average variance extracted, CR: Composite reliability

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