

IS STORE OR SERVICE SATISFACTION MORE IMPORTANT TO CUSTOMER LOYALTY?

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Understanding causes of customer loyalty is important to the discount retail industry, however limited research has been reported that examines the multiple dimensions of customer satisfaction and loyalty and how they may interact. This paper addresses the impact of two dimensions of satisfaction on two dimensions of customer loyalty in discount retailing. The research is based on a sample of Wal-Mart and Target retail customers and partial least squares structural equation modeling is used to test the hypotheses. The moderating effect of gender and store brand is also examined. The results indicate that both store and service satisfaction are related to attitudinal and behavioral loyalty. Gender was not found to moderate these relationships whereas store brand was. The paper contributes to the literature by providing insights on the interplay between multiple dimensions of customer satisfaction and loyalty in a discount retailing setting.

INTRODUCTION

What has the greater influence on discount retail customer loyalty – satisfaction with the store, or satisfaction with its customer service? The relative influence of these satisfaction elements is important for marketers to understand as billions of dollars are spent annually on efforts to influence customer loyalty (Shi, Prentice, & He, 2014; Sorescu & Sorescu, 2016; Tarasi, Bolton, Gustafsson, & Walker, 2013). Satisfaction and loyalty both consist of two separate dimensions. Customer satisfaction consists of a tangible or product based dimension as well as an intangible or service based dimension (Devaraj, Matta, & Conlon, 2001; Walsh, Evanschitzky, & Wunderlich, 2008). In the present research, the tangible dimension of customer satisfaction examined is store satisfaction (Brucks & Zeithaml, 1987; Garvin, 1984; Jayasankaraprasad & Kumar, 2012; Menon & Chowdhury, 1995; Thomas, 2013). Service satisfaction represents the intangible dimension of satisfaction and relates to the customer's experience with store personnel and the customer service that they receive (Dabholkar, Thorpe, & Rentz, 1996; Walsh et al., 2008). Customer loyalty also consists of two distinct dimensions, attitudinal loyalty and behavioral loyalty (Rauyruen & Miller, 2007). Previous

research related to satisfaction influences on loyalty has often focused on the overall construct of customer loyalty rather than differentiating between its attitudinal and behavioral components.

The purpose of this paper therefore is to 1) examine relationships between dimensions of satisfaction and loyalty; 2) determine whether store or service satisfaction has the greater impact on attitudinal and behavioral loyalty; and 3) examine the moderating effects of gender and store brand on these relationships. It is important to study the effect of satisfaction on loyalty as it is an essential concern for managers (Curtis, Abratt, Rhoades, & Dion, 2011) and has a direct impact on profitability (Donio, Massari, & Passiante 2006). In the research reported in this paper both attitudinal and behavioral loyalty are examined as outcomes of service and store satisfaction. The literature provides mixed results on whether service or store related dimensions of satisfaction are greater in importance to customer loyalty (Mittal, Kumar, & Tsiros, 1999) and does not indicate how these may be related to the two loyalty dimensions. The research reported in this paper seeks to address these questions and is based on a sample of 308 Wal-Mart and Target customers. Partial least squares structural equation modelling was used to test the research hypotheses and were also used to assess the role that gender and store brand play as moderators in this research framework.

LITERATURE REVIEW

Discount retailing is a large and dynamic industry and represents 12.5 percent of all retail purchases in the United States (Farfan, 2017; Green, 2017). Discount retailing is different from non-discount retailing in several respects. Discount retailers are both more prevalent than non-discount retailers and are facing greater levels of competitive threats including that of internet competition. New forms of competition have heightened this retail segment's traditional focus on competing based on store related attributes such as price and assortment as well as service related attributes. The discount retailing industry is experiencing new entrants, including both online retailers as well as various forms of brick and mortar stores. For mega discount retailers such as Wal-Mart and Target, the threat from online retailers and smaller retail chains has recently intensified (Dubas, Hershey, & Dubas, 2015). Smaller discount retail stores that are competitively priced, such as Dollar General and those solely focusing on grocery items such as Aldi and Sprouts are now prevalent. These stores are successful in appealing to customers who seek low price, high quality products as well as convenience when shopping (Courtemanche & Carden, 2014; Zwiebach, 2015). To face the price war with smaller grocery stores, larger discount retail stores such as Wal-Mart, have focused on cutting costs (Springer, 2016). However, in some cases this effort has resulted in customer dissatisfaction (Zwiebach, 2015). The turbulence in the discount retail industry has furthered the need to understand the nature of the satisfaction - loyalty relationship. In this literature review, store and service satisfaction are first presented. Attitudinal and behavioral loyalty are then discussed as well as the moderating effects of gender and store brand. Hypotheses are suggested and the research framework that reflects this review is seen in Figure 1.

Store and Service Satisfaction

Satisfaction represents a judgment level of product or service consumption-related fulfillment (Oliver, 1997). Satisfaction is the result of the customer's evaluation of performance compared to the customer's expectations prior to encountering the product

or service (Anderson & Sullivan, 1993; Kanning & Bergmann, 2009; Kotler, 1991; Yi, 1990). When a product performs as well as or better than anticipated, expectations are confirmed creating a positive disconfirmation. The opposite effect, negative disconfirmation, occurs when product performance is less than the expected level (Churchill & Suprenant, 1982; Ofir & Simonson, 2001; Oliver & Bearden, 1985). The literature indicates that satisfaction is a predictor of customer loyalty (Pleshko & Baqer, 2008; Picón, Castro, & Roldán, 2014; Szymanski & Henard, 2001; Trif, 2013). However, when product and service satisfaction are observed as distinct variables, there are inconsistent findings as to which of the two dimensions of satisfaction is of greater importance to customer loyalty (Mittal, Kumar, & Tsiros, 1999).

Store satisfaction is related to the quality of retail merchandise or the store itself (Menon & Chowdhury, 1995; Walsh et al., 2008). Previous research identified store satisfaction as being an influence on customer repurchase intention and store loyalty (Bloemer & De Ruyter, 1998), both of which are positively associated with profitability (Helgesen, 2006; Zeithaml, 2000). Tangible elements of the store provide the customer with signals related to how they should move around in the store and what level of product or service they should expect to receive (Hooper, Coughlan, & Mullen, 2013). The physical environment of a store has been identified as playing an important role in generating positive emotional reactions of customers (Wakerfield & Blodgett, 1999). The nature of the experience that a customer receives at a retail store is multidimensional and includes the merchandise that is sold and the reputation of the retailer. In determining what elements may be important to include in the quality perceptions of a retail store, the literature indicates there are three dimensions of store satisfaction (Menon & Chowdhury, 1995). These three dimensions are a product-based dimension, a service-based dimension and an image-based dimension (Menon & Chowdhury, 1995). The product based dimension consists of the quality of the products sold, the service dimension relates to the service of the organization and the image dimension relates to the reputation of the store (Jayasankaraprasad & Kumar, 2012; Menon &

Chowdhury, 1995; Thomas, 2013), however, in the present research the service dimension is not included in store satisfaction as it is measured separately.

Service satisfaction represents the outcomes of the customer's experience with store personnel and the customer service experience (Dabholkar et al., 1996). Service satisfaction has been identified to have a positive relationship with customer repurchase intentions (Zeithaml, Berry, & Parasuraman, 1996). The impact of service satisfaction has been found to be greater for customers who have maintained a longer relationship with the firm than those who have shorter interactions with the firm (Walsh et al., 2008). In the present research, service satisfaction is measured based on items that were specifically developed for measuring service quality in retail stores (Dabholkar et al., 1996). These elements include keeping promises, error free transactions, attention given to customers, courteous behavior with customers and willingly handling returns and exchanges. Tangible and intangible elements have been examined previously in combination related to their impact on behavioral intentions (Hooper et al., 2013). In the present research, store and service satisfaction elements are considered separately related to their influence on multiple dimensions of loyalty. Given the relationship between store satisfaction and service satisfaction reported in the literature, it is appropriate to hypothesize that for discount retail customers:

H₁: Store satisfaction is positively associated with service satisfaction.

Attitudinal and Behavioral Loyalty

Loyalty represents the customer's intent to recommend the provider or to support the provider through patronage (Fornell, 1992; Lam, Shankar, Erramilli, & Murthy, 2004; Yuen & Chan 2010). Previous work that has examined loyalty as an outcome of satisfaction has primarily emphasized one dimension of loyalty (Gallarza & Gil-Saura, 2006; Gallarza, Ruiz-Molina, & Gil-Saura, 2016; Jaiswal & Niraj, 2011) or considered it as a single construct (Bei & Chiao, 2001; Chen, 2012). The literature on loyalty indicates that it consists of two distinct dimensions, attitudinal

and behavioral. This is expressed as intention to recommend and intention to return (Čater & Čater, 2009; Cheng, 2011; Dick & Basu, 1994; Evanschitzky, Iyer, Plassmann, Niessing, & Meffert, 2006; Leingpibul, Thomas, Broyles, & Ross, 2009; Rauyruen & Miller, 2007). Considering both attitudinal and behavioral loyalty allows not only richer conceptualization of the construct but it also provides a more useful practical application as to how to influence customers (Torres-Moraga, Vásquez-Parraga, & González, 2008). It has also been suggested that certain forms of loyalty may be more important than others in their association with customer satisfaction (Curtis, et al., 2011). These forms include interpersonal loyalty over brand loyalty (Guenzi & Pelloni, 2004) and attitudinal loyalty over behavioral loyalty (Floh & Treiblmaier, 2006). Research on the satisfaction-loyalty relationship is prevalent in the literature, however only a limited number of studies have considered this relationship in multiple dimensions. Previous studies often considered both satisfaction and loyalty as a single dimensional construct (Bei & Chiao, 2001; Chen, 2012) or only focused on one type of loyalty (Jasiwal & Niraj, 2011). Other researchers included both attitudinal and behavioral loyalty in the analysis however, treated satisfaction in a single dimension (Carpenter & Fairhurst, 2005; Chen & Quester, 2006; González, Comesaña, & Brea, 2007; Rauyruen & Miller, 2007; Shi et al., 2014). Some research has examined this relationship considering different types of satisfaction, however loyalty was still measured as a unidimensional construct (Gallarza et al., 2016; Torres-Moraga et al., 2008). Considering customer loyalty a single dimensional construct may lead to limited understanding (Floh & Treiblmaier, 2006). Despite the established stream of research, the two forms of loyalty have not been examined in a discount retail setting and done so as an outcome of store and service satisfaction.

Attitudinal loyalty reflects the positive opinion that the consumer maintains of the organization providing the product or service (Yuen & Chan, 2010). Attitudinal loyalty can also be representative of the customer's psychological attachments and attitudinal advocacy towards the selling organization (Jaiswal & Niraj, 2011; Rauyruen & Miller, 2007). Attitudinal loyalty

represents the customer's intention to recommend a product or service through positive word-of-mouth communication (Cheng, 2011). Factors that may lead to attitudinal loyalty are emotional and intangible features of the shopping encounter such as the personal interaction with the sales force (Čater & Čater 2009). Positive attitudinal loyalty manifests itself in the consumer intending to recommend the organization and its product and service offerings to other potential consumers (Torres-Moraga et al., 2008). In contrast, customers who have an unpleasant encounter with a company may engage in negative word-of-mouth behavior such as complaining to their peers. Not surprisingly, it has been shown that dissatisfied customers partake more in negative word-of-mouth communication (Anderson, 1998). Satisfaction has been shown to be an antecedent of attitudinal loyalty (Bennett, Härtel, & McColl-Kennedy, 2005; Bennett & Rundle-Thiele, 2004; Čater & Čater, 2009; Jaiswal & Niraj, 2011; Rauyruen & Miller, 2007), thus supporting the research design in the present research.

Behavioral loyalty represents the repurchase intention of the customer (Bei & Chiao, 2001; Bolton, 1998; Bolton & Lemon, 1999; Cheng, 2011; Yuen & Chan, 2010). Behavioral loyalty is representative of customer tendencies and probabilities of future purchase based on the evaluation of previous purchases of the same brand or patronage of the same store (Yavas & Babakus, 2009). This intention to repurchase is an important consideration for retailers as it is positively associated with customer's actual repurchase (Bilgihan, Madanoglu, & Ricci, 2016). While evidence is limited, behavioral loyalty is considered to have a more direct influence on firm's profitability (Babin & Darden, 1996; Patrick, De Wulf, & Steenhaut, 2003). A body of literature indicates that customer satisfaction and loyalty are related (Boshoff, 2005; Caro & Garcia, 2007; Carpenter & Fairhurst, 2005; Curtis et al., 2011; Gallarza et al., 2016; Kumar, Pozza, & Ganesh, 2013; Szymanski & Henard, 2001; Walsh et al., 2008; Yang & Peterson, 2004; Yen & Lu, 2008). Based on the literature it is appropriate to hypothesize that for discount retail customers, both store and service satisfaction are related to attitudinal and behavioral loyalty.

Therefore, it is hypothesized that:

- H₂:** Store satisfaction is positively associated with attitudinal loyalty;
- H₃:** Store satisfaction is positively associated with behavioral loyalty;
- H₄:** Service satisfaction is positively associated with attitudinal loyalty;
- H₅:** Service satisfaction is positively associated with behavioral loyalty.

It is also important to consider the relationship between attitudinal and behavioral loyalty in order to develop a complete framework for the present study. Attitudinal loyalty may predict behavioral loyalty (Baldinger & Rubinson, 1996; Jaiswal & Niraj, 2011; Leingpibul et al., 2009). The literature indicates that the greater likelihood with which a customer is willing to recommend a product (attitudinal loyalty) is a strong predictor of the customer's return intentions (behavioral loyalty) (Donio' et al., 2006). This relationship has not been examined in the context of store and service satisfaction influencing these forms of loyalty (Lam et al., 2004). In addition, this relationship has not been tested in the context of discount retailing. In a discount retail setting it is entirely possible that attitudinal loyalty may influence behavioral loyalty differently than in a non-discount setting where attitude represents a stronger antecedent to behavior (Leingpibul et al., 2009). Therefore, it is hypothesized that:

- H₆:** Attitudinal loyalty is positively related to behavioral loyalty.

Gender and Store Brand Influences

The literature suggests there are gender differences in the satisfaction-loyalty relationship (Bendall-Lyon & Powers, 2002; Gonclaves & Sampaio, 2012). For example, males are more likely to be loyal customers of a store or brand than females (Yuen & Chan, 2010). It has also been reported that males are typically more satisfied with their purchases and are more likely to repurchase (Mechinda, Serirat, & Guild, 2009; Mittal & Kamakura, 2001). However, other research has reported that gender was not a significant moderator on repurchase intentions (Walsh et al., 2008). Given the possible differences in behavior between males and females, it follows that gender may further explain the association between satisfaction and loyalty along the

dimensions in this research. It is therefore hypothesized that:

H₇: Gender moderates the relationship between store satisfaction, service satisfaction, attitudinal loyalty and behavioral loyalty.

The specific discount retail store may also assist in further understanding the satisfaction-loyalty relationship. This consideration is an important research issue as the relationship between store brand and customer loyalty has not been extensively addressed (Martos-Partal & González-Benito, 2011). It has been reported that the type of store brand positioning may influence customer loyalty (Zielke & Dobbstein, 2007). When the store puts greater emphasis on quality than price, it has been reported that store brand has a stronger influence on customer loyalty (Martos-Partal & González-Benito, 2011). Based on the literature that indicates that store brand may moderate the satisfaction-loyalty relationship it is hypothesized that:

H₈: Store brand moderates the relationship between store satisfaction, service satisfaction, attitudinal loyalty and behavioral loyalty.

RESEARCH METHOD

A survey of discount retail shoppers was conducted using an online survey instrument. The customer panel used consisted of discount retail customers from Target and Wal-Mart. Respondents were self-identified as being primarily a Target or Wal-Mart customer and completed the questionnaire specific to that retailer. Given the dominance of Wal-Mart and Target in the discount retail industry it is worthwhile to utilize this setting. Both Target and Wal-Mart represent a direct customer interface with a product and a service provider. These two store types are used in the study as they represent two variations in format and approach within discount retailing, which enabled the research to further assess the relative importance of store versus service satisfaction influences. A total of 513 panel members were invited to visit the online survey. In total, 155 Target and 153 Wal-Mart customers completed the survey, representing a sample of 308 people and a 60 percent response rate. Males represented 47% of the sample;

females 53%. On education, 1% of the sample had some high school, 20% were high school graduates, 25% had some college, 38% were college graduates and 16% had postgraduate degrees. Based on income, 33% of the sample had household incomes of \$50,000 or less, 24% had incomes above 50,000 to 75,000, 20% had incomes above \$75,000 to \$100,000, 17% had incomes above \$100,000 to \$150,000 and 6% had incomes above \$150,000. Six percent of the sample were 18-24 years of age, 23% that were 25-34, 27% that were 35-44, 19% that were 45-54, 11% that were 55-64 and 14% that were 65 or older. The Target sample was younger, more educated and had higher incomes than Wal-Mart sample. The Target sample had an equal number of male and female respondents, while the Wal-Mart sample had a slight majority of female respondents.

By using two different, but related store brands in the sample, differences between shoppers across these discount retail formats may be revealed. Target is a close competitor to Wal-Mart and also operates large stores with a wide assortment of merchandise along with food discount stores. Target represents a differentiator strategy whereas Wal-Mart is the prime example of a cost leadership strategy in the discount retailing industry (Bloom & Perry, 2001; Facenda, 2003; Mottner & Smith, 2009). Target's strategy is slightly different than Wal-Mart as it offers both everyday essentials along with more fashionable and differentiated products. For this reason, it is possible that Wal-Mart customers may put a greater emphasis on the price of products than the services provided by the store (Salegna & Fazel, 2011).

The measures used in this research were adapted from the previous literature. The measure of store satisfaction was based on Menon and Chowdhury (1995). The measure for service satisfaction was based on Dabholkar et al. (1996) and customer loyalty measures were adapted from Gremler and Gwinner (2000). The items were anchored on a seven point strongly agree to strongly disagree scale. In order to test for non-response bias, a comparison early and late responders were compared across the six scaled measures (Hulland, Baumgartner, & Smith, 2018). Non-response bias was found to be statistically

insignificant, indicating no significant differences between early and late responders. As seen in Table 1, all scales were considered acceptable as their reliability measures were greater than 0.70, the accepted threshold for published empirical research (Nunnally & Bernstein, 1994). Tests of normality, skewness and kurtosis were performed on each of the indicators for each construct in order to test for the statistical validity of the survey and to address possible instances of covariation. To overcome this shortcoming, a non-parametric analytical approach was used to test the model and hypotheses. Partial Least Squares (PLS) was used to test the research model and associated hypotheses. PLS is a non-parametric estimation procedure used to explain the maximal variance in the endogenous variables included in a hypothesized structural equation model (Lohmoeller, 1989; Wold, 1982). PLS entails a series of ordinary least squares regressions that test the research model and its associated hypotheses (Ringle, Wende, & Becker, 2014). Multicollinearity between study variables was also tested. A common rule of thumb is that multicollinearity may exist when the variance inflation factor (VIF) coefficient is

higher than 4.0. There were no VIF issues for either the measurement model nor for the structural model.

Convergent validity exists when the factor loadings are at least 0.4 for each indicator; scale reliability exists with Cronbach’s alpha greater than 0.70; and average variance extracted (AVE) for each construct greater than 0.50 (Gefen & Straub, 2005). As presented in Table 1 these conditions were met. Discriminant validity exists if the square root of AVE for each construct is greater than its inter-construct correlation and item loadings on their respective constructs are greater than loadings on other constructs. The conditions for discriminant validity were also satisfied by comparing the inter-construct correlations with the square root of their respective AVEs. The explained variance for the model was relatively good as it explained 67% of the variance in service satisfaction, 46% of the variance in attitudinal loyalty and 67% of the variance in behavioral loyalty. The redundancy measures for the three endogenous variables were .46, .37 and .36 respectively, which were sufficient for the prediction capability of the exogenous

TABLE 1:
Factor Loadings, Scale Reliability and Average Variance Extracted

Constructs	Items	Factor Loading	Reliability	Average Variance Extracted (AVE)
Store Satisfaction	The overall quality of the products that this organization sells is good.	0.95	0.82 ⁿ	0.91
	The reputation of this organization is good.	0.94		
Service Satisfaction	When this store promises to do something by a certain time, it will do so.	0.82	0.90	0.72
	Customers feel safe in their transactions with this store.	0.88		
	This store gives customers individual attention.	0.84		
	Employees in this store are consistently courteous with customers.	0.87		
	This store willingly handles returns and exchanges.	0.82		
Attitudinal Loyalty	I am willing to encourage friends and relatives to do business with this retailer.	0.95	0.78 ⁿ	0.89
	I am willing to go out my way to recommend this retailer.	0.95		
Behavioral Loyalty	I would prefer to continue to purchase from this retailer compared to other retailers when both companies have similar products.	0.95	0.83 ⁿ	0.91
	I would consider myself to be a loyal customer of this retailer.	0.96		

Note (n): for 2-item scales, the reliability is calculated as the square of the item correlations.

variables. Using the Stone-Geisser Q^2 measure, the predictive relevance of the model was tested. A blindfolding procedure was used to estimate the model's ability to reproduce the observed variables. Measures of the cross-validated redundancy (estimated using latent scores) and the cross-validated communality (estimated using latent variables) were used. The cross-validated communality for each of the three endogenous variables was .71, .88 and .92. Q^2 values above .50 are considered indicative of a model with high predictability (Chin, 2010).

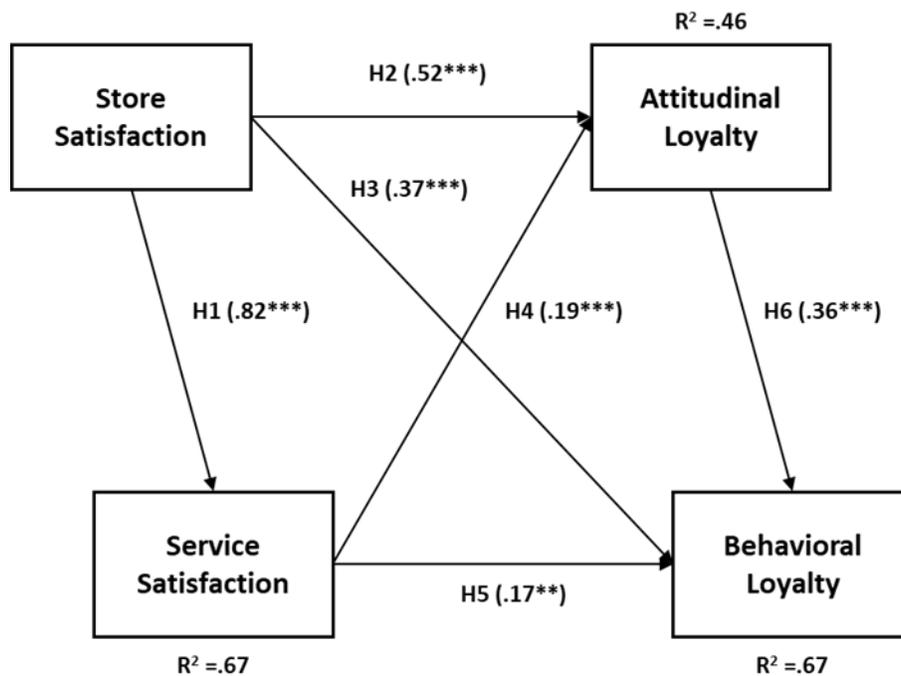
RESULTS

The significance of the path coefficients was assessed by a bootstrapping procedure evaluating 5,000 random samples of the 308 original cases (Henseler, Ringle, & Sinkovics, 2009). The majority of hypotheses were supported as seen in Table 2. Hypothesis 1 was supported showing a positive linkage between store satisfaction and service satisfaction (β

= .82, t-value = 37.04). Hypothesis 2 was supported with a positive linkage between store satisfaction and attitudinal loyalty (β = .52, t-value = 6.67). Hypothesis 3 was also supported indicating a positive relationship between store satisfaction and behavioral loyalty (β = .37, t-value = 4.35). Hypothesis 4 was supported indicating there was a significant relationship between service satisfaction and attitudinal loyalty (β = .19, t-value = 2.36). Hypothesis 5 was also supported indicating a statistically significant relationship between service satisfaction and behavioral loyalty (β = .17, t-value = 2.45). Hypothesis 6 was supported indicating a positive association between attitudinal loyalty and behavioral loyalty (β = .36, t-value = 5.39).

An analysis was performed to investigate the extent gender (Hypothesis 7) and store brand (Hypothesis 8) moderated the relationship between the antecedent variables and the endogenous variables. The sample was divided into four subgroups: males (145), females

**FIGURE 1:
Hypotheses Test Results**



***significant at the .01 level.
**significant at the .05 level.

TABLE 2:
Results for Hypotheses 1-6

	Paths	Sample Mean	Standard Error	T-value
H ₁	Store Satisfaction à Service Satisfaction	0.82	0.02	37.04
H ₂	Store Satisfaction à Attitudinal Loyalty	0.52	0.08	6.67
H ₃	Store Satisfaction à Behavioral Loyalty	0.37	0.09	4.35
H ₄	Service Satisfaction à Attitudinal Loyalty	0.19	0.07	2.36
H ₅	Service Satisfaction à Behavioral Loyalty	0.17	0.07	2.45
H ₆	Attitudinal Loyalty à Behavioral Loyalty	0.36	0.07	5.39

Note: t-value greater than 1.96 is significant at the .05 significance level; t-value greater than 2.58 is significant at the .01 significance level.

(163), Target customers (155) and Wal-Mart customers (153). Group comparisons were made using a parametric t-test to detect significant differences between the path coefficients for each subgroup (Henseler et al., 2009; Keil et al., 2000) as seen in Table 3. There were no significant differences for the hypothesized relationships between the two groups.

The moderation results for store brand are also seen in Table 3. There were two significant differences found between the Target and Wal-Mart subgroups. Target customers compared to Wal-Mart customers showed a significantly lower relationship between store satisfaction and attitudinal loyalty (H₂). Target customers, however, had a significantly higher relationship between service satisfaction and attitudinal loyalty than did Wal-Mart customers (H₄). A final question that remained is whether store satisfaction has a greater influence on both the dimensions of customer loyalty as compared to service satisfaction. In order to examine this relationship a post hoc test was performed using an ordinary least squares regression. Comparatively, store and service satisfaction explained 46% of the variance in the attitudinal loyalty model and 67% of the variance in the behavioral loyalty model. The results of the analysis showed that overall, store satisfaction had a greater influence than service satisfaction

on attitudinal ($\beta = .52, p < .000$) and behavioral loyalty ($\beta = .37, p < .000$).

DISCUSSION

The research provides unique and important findings on the multiple dimensions of satisfaction and loyalty specific to discount retailing. This line of research is important as the results found for discount retailing were consistent with the literature. It has been previously reported that satisfaction is a key predictor of customer loyalty (Pleshko & Baqer, 2008; Picón, Castro, & Roldán, 2014; Szymanski & Henard, 2001; Trif, 2013). This relationship was also found to be prevalent in a discount retailing setting. The other findings also provide insights for managers and researchers in the context of discount retailing. First, it was found that store satisfaction is positively related to service satisfaction. Based on this finding, as retail managers seek to improve service satisfaction, the variables related to store satisfaction should also be addressed, as well as addressing service satisfaction to improve store satisfaction (Genestre & Herbig, 1996). The result that store satisfaction is related to both attitudinal and behavioral loyalty supports and extends the literature in this area (Torres-Moraga et al., 2008; Walsh et al., 2008). It also verifies that for the discount retail manager, focusing on store satisfaction has to be a priority in the wide

TABLE 3:
Subgroup Analysis: Hypotheses 7 and 8

	Path	Male vs. Female					Target vs. Wal-Mart				
		Male		Female		T _{diff}	Target		Wal-Mart		T _{diff}
		Sample Mean	t-Stat	Sample Mean	t-Stat		Sample Mean	t-Stat	Sample Mean	t-Stat	
H ₁	Store Satisfaction à Service Satisfaction	0.82	28.94	0.82	26.39	0.18	0.81	26.05	0.83	26.97	0.42
H ₂	Store Satisfaction à Attitudinal Loyalty	0.52	5.41	0.49	4.06	0.07	0.26	2.43	0.72	8.49	3.36
H ₃	Store Satisfaction à Behavioral Loyalty	0.37	3.74	0.35	2.62	0.06	0.30	2.36	0.39	3.85	0.60
H ₄	Service Satisfaction à Attitudinal Loyalty	0.16	1.45	0.24	2.05	0.46	0.40	3.82	0.02	0.09	2.66
H ₅	Service Satisfaction à Behavioral Loyalty	0.23	2.18	0.13	1.33	0.72	0.30	2.76	0.09	1.03	1.55
H ₆	Attitudinal Loyalty à Behavioral Loyalty	0.29	3.14	0.42	4.58	0.95	0.28	2.85	0.43	4.46	1.03

Notes: T_{diff} compares subgroup differences of path coefficients (Males – Females) using t-test (Keil et al., 2000) where:

$$T_{diff} = \frac{b_1 - b_2}{\sqrt{\left(\frac{(n_1 - 1)^2}{n_1 + n_2 - 2} se(b_1)^2 + \frac{(n_2 - 1)^2}{n_1 + n_2 - 2} se(b_2)^2\right) \sqrt{\frac{1}{n_1} + \frac{1}{n_2}}}$$

Notes: t-value greater than 1.65 is significant at the .10 significance level; t-value greater than 1.96 is significant at the .05 significance level; t-value greater than 2.58 is significant at the .01 significance level.

mix of retail challenges and activities. It was also found that service satisfaction is related to attitudinal and behavioral loyalty. The literature indicated the importance of service satisfaction to loyalty (Yuen & Chan, 2010) and it was hypothesized that service satisfaction would be positively related to both dimensions of loyalty. The results suggest that this is the case.

It is important to consider that store satisfaction had a greater influence than service satisfaction on attitudinal ($\beta = .52, p < .000$) and behavioral loyalty. Managers are therefore advised to acknowledge the practical implications of these relationships. Service satisfaction may not be

as important to discount retail customers as store satisfaction, but it remains a significant element in developing loyalty. It is likely that customers at the large discount retail stores like Walmart or Target place greater emphasis on the elements related to products that stores offer (i.e., price or assortment). These results may of course differ from other retail store types. Although service satisfaction is a critical component of overall customer satisfaction (Goff, Boles, & Stojack, 1997; Moshe & Moshe, 2010; Tatikonda, 2013), product related satisfaction may have a more lasting impact on customer repurchase intentions. Service satisfaction may be a form of ‘spurious’ brand loyalty where customers repeat their purchase

behavior simply because of inertia instead of true commitment to the brand or the store (Bloemer & Kasper, 1995). With spurious brand loyalty, good customer service may be important but it may not have a constant or lasting effect of store satisfaction. This notion also corresponds to Torres-Moraga et al. (2008) who suggest that the product is primary importance to satisfaction, while other elements are secondary. Although it is unwise to suggest that managers reduce their emphasis on service, the results do indicate that efforts put forth in the store area are more likely to have positive results related to loyalty. As suggested by the literature (Curtis et al., 2011; Donio' et al., 2006), it was found that attitudinal loyalty is related to behavioral loyalty. It remains important for managers to understand that the outcomes of store satisfaction result in not just favorable feelings of customers, but in improved future customer return behavior as well.

In terms of the influence of gender, there was no significant difference between males and females. This is contrary to findings in the previous literature. It may be that in the context of discount retailing gender does not play a significant role as it would in other industries. Further research is warranted to examine the role of gender in discount retailing, however. The findings based on store brand are likewise interesting. There were two differences found between the Target and Wal-Mart subgroups. For Wal-Mart customers, store satisfaction influenced their attitudinal loyalty more so than for Target customers. For Target customers, service satisfaction has a greater impact on attitudinal loyalty than it did for Wal-Mart. These findings may account for some of the mixed findings in the literature (Curtis et al., 2011), as store type (i.e., Target versus Wal-Mart) did make a difference in these results. For deep discounters such as Wal-Mart, the service dimension is not as critical as the store dimension. For higher level retailers, service may take on an additional level of importance. Looking at the two subgroup analyses in combination, for Walmart customers store satisfaction is greater importance to attitudinal loyalty, whereas for Target customers service satisfaction is greater importance to attitudinal loyalty. There are limitations to the research that should be noted. The study was based on

individuals that are participating in a consumer panel and may not be completely representative of other discount retail shoppers. In addition, the results based on Target and Wal-Mart shoppers may not be generalizable to other discount retailers. Related to the measures used, this research was exploratory in nature and the measures were adapted from other contexts or in some cases developed for this research. Future research is suggested to address these issues.

SUMMARY AND CONTRIBUTIONS

This paper has contributed to the literature by providing insights on the relationship between multiple dimensions of satisfaction and loyalty in the discount retailing industry. The research contributes to the understanding of this area by simultaneously examining store and service satisfaction and attitudinal and behavioral loyalty. Ultimately, this research offers several opportunities to further explore the relationship between satisfaction and loyalty. First, consideration should be given to the terminology and definition of the constructs used. The present research viewed satisfaction as consisting of two dimensions; tangible and intangible that were operationalized as store and service satisfaction. The store satisfaction dimension examined customer quality perceptions of tangible elements such as the quality of the retail product and physical components of the store itself. Service satisfaction addressed customer perception of the quality of intangible elements of the store, such as customer service or interactions with store personnel. There are numerous directions for future research that can expand these findings. Among these are exploring the possible spurious nature of service satisfaction and loyalty and the impact on dimensions of loyalty (Bloemer & Kasper, 1995). Investigation of the possible nonlinear and asymmetric nature of the relationships observed in this paper (Anderson & Mittal, 2000) is also desired.

Additional research that considers these relationships in different settings may be beneficial. The influence of satisfaction on loyalty has been shown to vary in importance based on industry, customer segment and other variables (Kumar et al., 2013). It would

therefore be desirable to consider the multiple dimensions of satisfaction and loyalty in this manner. As related to store satisfaction, it may be useful to include the influence of brands as satisfaction with the brand represents a more advanced stage in customer loyalty (Torres-Moraga et al., 2008; Yuen & Chan, 2010). Moreover, examining these relationships as they relate to the relative importance of the products purchased at the store may be beneficial (Kanning & Bergmann, 2009; Tam, 2011). The relationships observed, particularly that related to service satisfaction, may be more important for higher level purchases, making a variety of store levels appropriate to study (Choi & Kim, 2013). Although satisfaction and loyalty may be determined at the point-of-purchase level (Aurier & de Lanauze, 2011), it would be insightful to also examine the dimensions on satisfaction and loyalty in an online setting. While the relationships examined in this study showed no significant differences between males and females, considering gender in other contexts such as high-end retailers may expand and clarify the results based on gender.

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