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Consumer perceived relational benefits and their impact on store loyalty in Pakistan

By
Muhammad Zafran

PhD Scholar in business admiration at Turiba University, Latvia
E-mail:m.zafran84@yahoo.com

Introduction

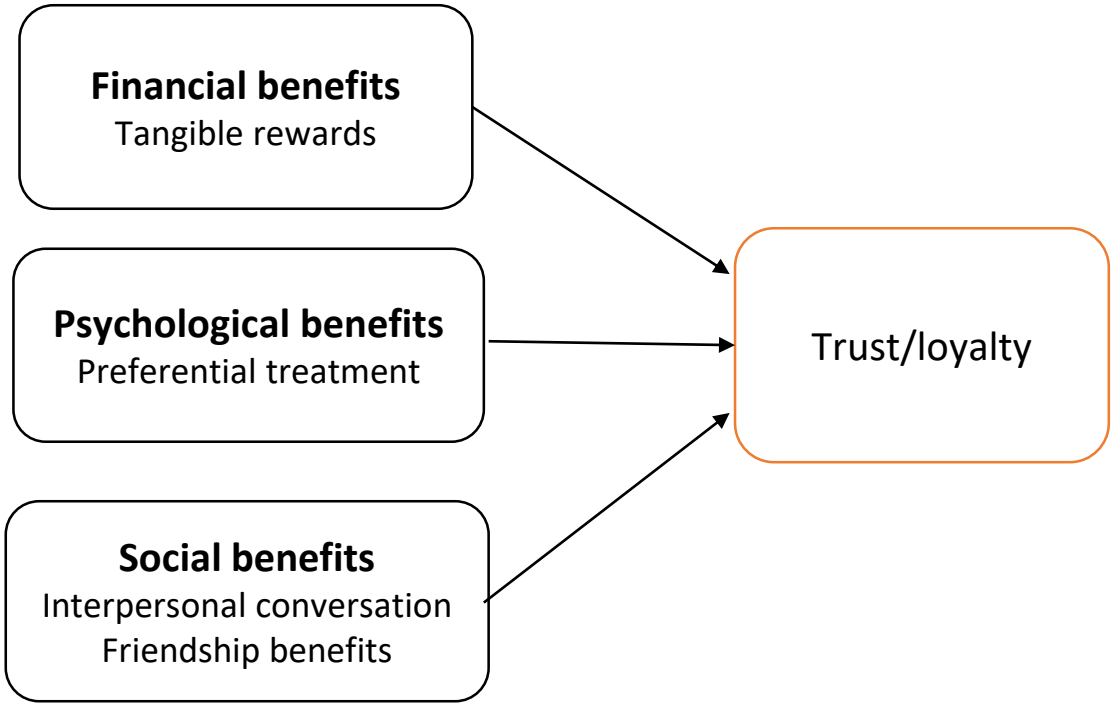
Relational benefits framework is based on “Principal of Reciprocity” (Bagozzi (1995) that is

“people feel obliged to return good for good in a proportion to what they receive”

Ineffective relational marketing leads to loss of resources and customers(Beatty et al, 1996; Bolton, 1998; Dorsch, Swanson, and Kelly 1998)

Need for investigating consumer-retailer relational benefits(Gwinner, Gremler, and Bitner, 1998).

Theoretical Framework



Research Method

Sample : Online Feedback from 91 respondents with Female(28.3%) and male(71.7%) and mixed occupation: manger(18.7%); business owner(19.8%);student(22%) skilled workers(15.2%) and teachers(18.7%).

Scale: The survey measured 29 items using Likert scale from 1-7 points.

Measures: The measure were adopted from Gwinner, Gremler, Binter (1998); Hennig-Thurau et al. (2002), De Wulf et al (2001, p. 47); Morgan and Hunt (1994) and Palmatier et al. (2006).

Test and Findings

Factors analysis:

- KMO value .743 that is above 0.5 and its acceptable (Kaiser and Rice,1974)

- Parallel analysis method: Eigen value of 1 indicated 4 factors solution model that explain 47.138% of total variation.

- Cronbach alpha(reliability) for all items <.700

6.Store cares to keep its regular customer	.500	
Factor2-Preferential treatment (Gwinner, Gremler, Bitner (1998)		.767
1.Store make greater efforts for regular customer	.605	
2.Store offers better services to me than others customer	.658	
3.Store offer something extra	.669	
4.Store spend time to personally get know regular customer	.569	
Factor 3- Social benefits		.840
Interpersonal communication(Gwinner, Gremler, Bitner,1998)		
1.Store holds personal conversation	.671	
2.Store often inquire about well-being of customer	.559	
3.Feel emotionally attachment	.469	
Friendship(Ahn et al;2014**)**		
1.I like to get familiar with certain employee at store	.675	
2.I like to develop friendship with certain employee at store	.729	
3.I like when store know me by name	.794	
Factor 4		.895
Commitment *(*Allen and Meyer,1990)		
1.I feel committed to this store	.594	
2.I feel rewarded when I buy from this store	.406	
3.I feel excited when I think of buying at this store	.704	
4.It is good to talk about this store with my friends/family	.508	
Customer Loyalty: (Reynolds and Beatty, 1999)		
1.I consider myself loyal to store	.737	
2.I will continue to shop at this store	.739	
3.I am willing to buy more at this store	.742	
Confidence Benefit (Gwinner, Gremler, and Bitner, 1998)		
1.There is less risk that something will go wrong at this store	.695	
2.I can trust on the store	.686	
3.I have confidence that services will be performed correctly	.703	
4.I feel less anxiety when shop at this store	.687	

Multiple Regression

Normally Test: Shaprio-Wilk test shows statistically non significant results.079 which is greater than .005.
Predictor Variables do not have multicilinairuty as values are less than .7

Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.384[a]	.147	.116	.86131	.147	4.723	3	82	.002

a. Predictors: (Constant), Tangible Benefits, Interpersonal Communication, Special treatment

b. Dependent Variable: Loyalty/Trust

Significance of model

Since $R^2 = 0.135$ which tells that our model explain 14.7 % of the variance in the DV and it is statistically significant. The model is overall significant as the F value<.005.

The proportionality of variability in Y-dependent variable (loyalty) explained by X-Independent variables is very 14.7 %,

- **ANOVA** test for overall significance of model
- H_o: $\beta1 = \beta2 = \beta3 = \beta4 = 0$
- H_1: H_o is not true
- **Since p-value in ANOVA table is 0.02 < 0.1, we reject H_o and accept H_1, the model is overall significant**

Linear regression

Since, values in the VIF column are lower than 10, we may conclude that there is no multi-collinearity between independent variables.

Loyalty= β0+ β1Tangible rewards + β2InterpersonalCommunication++ β3Special treatment+ E

LOYALTY= 3.98+.038TANGIBLE_REWARDS + 0.282 INTERPERSONAL_COM + 0.046SPECIAL_TREATMENT

(.000) (.678) **(.001)** (.586)

Conti…

- Interpersonal communicating is the only significant variable as the p-values is .001.
- While special treatment and tangible rewards are non-significant.
- If the number of interpersonal communication increase by unit (per interaction or session), store loyalty will decreases by .282 units (on the scale of 1 to 7) ceteris paribus

Conclusion

- Social benefits including interpersonal communication and friendships have strong positive impact on customer trust and loyalty towards retailers in Pakistan.
- Thus, social benefits drives store loyalty than psychological and financial benefits in high involvement product categories in Pakistan.
- Monetary rewards(pricing off, incentives, gifts) are least effective measures
- Psychological benefits such as preferential treatment non significant is contrary than expected because Pakistan's society score high on power distance and like protocol, special treatment in services delivery.

THANKS!

Any questions?

You can find me at:
m.zafran84@yahoo.com
Muhammad.zafran@skt.umt.edu.pk