

**Turiba University**

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**SYNOPSIS OF THE DOCTORAL THESIS**

**THE INFLUENCE OF RETAILER ON CONSUMER BRAND  
CHOICE AND DETRIMENTS OF CONSUMER STORE  
LOYALTY IN RETAIL INDUSTRY OF PAKISTAN**

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## ANNOTATION

Retail brand equity is one of the less focused areas of marketing research and yet complex phenomena to investigate than manufacturer brand equity. Exploring key factors effecting consumer choice of retail store and the role played by retailer/salesperson in consumer choice brand in case of high involvement products such as consumer electronics in context of Pakistan. In particular, the thesis analysis the impact of *functional* versus *psychological* attributes of retail store such as *merchandize, price, services quality, store atmosphere, retail brand personality, competence and selling behaviors* on store loyalty. In addition the thesis also examines how do salesperson influence customer brand choice and compares the level of consumers brand loyalty between 1) *salesperson*, 2) *retail store* and 3) *manufacturer*. Understanding the key drivers of store loyalty and consumer relationship with a brand is the main task of every successful store manager. Given the fact, exploring key elements of retail brand equity allows designing effective retail marketing strategies for high involvement products in context of Pakistan.

**Chapter 1** of thesis starts with analysis of retail trade industry of Pakistan and evaluation of theories, review of literature on retail brand equity and store loyalty.

**Chapter 2** of thesis evaluates theory of brand equity (BE) and related concepts such as brand loyalty, customer satisfaction and trust. In addition, the chapter provides information on research methods and tools for data collection.

**Chapter 3** of thesis presents research findings from in-depth interviews and customer's survey forms followed by discussion and comparison results with previous studies.

**Chapter 4** of thesis deals with promotional work and proposes three store loyalty model/matrixes followed by the expert's validation of those models. Conclusions and recommendations mark the end chapter and the list of bibliography is provided at the end of this doctoral thesis.

The Doctoral Thesis comprises of 206 pages including 27 Figures and 22 Tables. The list of literature contains 463 sources. The Thesis includes 14 Appendices.

**Keywords:** *retailing branding, retail brand equity, store loyalty, customer choice of store, retail brand positioning, retail branding of Pakistan.*

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## **Introduction**

The importance of retail trading in developing countries like Pakistan cannot be ignored, as it is a major source of socio-economic development by offering jobs, shaping consumer buying behavior and lifestyle. With the increased importance of retail marketing, customer loyalty has become an important area of research in the retail sector. Investigating the process of brand loyalty is an important area of research (Kumar and Reinartz, 2018) and the concept has gained considerable attention of researcher's retail industry (e.g., Linina, et al., 2019; Islam et al., 2021). In the last two decades, the retail industry of Pakistan has witnessed a substantial growth with opening of mega shopping malls and the arrival of international chains of superstores; franchise stores, departmental stores, and company-operated outlets in multiple sectors such as fast food, restaurants, luxury goods, automobile, fashion & clothing. Many researchers in the past have recognized the importance of retail branding and analyzed the effects of traditional versus new retail formats on customer purchase value (Yoon and Oh, 2016; Jasek et al., 2018; Kim et al., 2020). Consumers choose a retail store based on multiple factors such as store image, personality, and store formats, which enhance their well-being (El Hedhli et al., 2016). In the 21st century, retailing has become more sophisticated with the introduction of store private labels, availability of information, rise in e-commerce, and above all, the innovation in customer shopping experience. Therefore, consumers have equally divided loyalty between manufacturers and retailers which rise to retail brand equity. Customer purchase decision is a tradeoff between product brand and retailer brand (Zhang et al., 2017); retailers can offer value-added services and build close relationships that generate value for customers that in turn increase store loyalty.

## **Research Topicality**

Despite an easy access to information through online sources, it is still difficult for customers to decide which brand to buy and where to buy it? A large number of product brands as well as the presence of multiple retail channels, give more options to customers to organize their shopping trips. In the case of high involvement products such as consumer electronics and home appliances, consumers' main concern is to avoid the purchase risk and reduce uncertainty. Retailers' capability to solving problems and building close relationships with customers affects

consumer retail patronage behaviour. In the past, retailers usually relied on merchandise, variety, and pricing image for retail brand differentiation, but these factors are less relevant and no longer provide a source of competitive advantage in era of modern retailing. Therefore, retailers have to identify a new basis for retail brand differentiation to build a strong brand equity. However, we do not know which factors contribute to store loyalty when buying high involvement products such as consumer electronics in retail setting of Pakistan. Therefore, this doctoral thesis constructs following research questions as below:

***RQ1:*** What are the key determinants of customer choice of retailer (store loyalty) when buying high involvement products in context of Pakistan?

***RQ2:*** What role retailers and/or salespersons paly in customer choice of product brand when involved in high involvement products situation such as consumer electronics in retail setting of Pakistan?

This doctoral thesis carries out a theoretical analysis of the topic covering main theories and related concepts to deeply investigate the research problem using a mixed-methods approach-qualitative-depth interviews and quantitative customer survey forms to increase the overall competitiveness of retail trade industry of Pakistan.

### **Research Objective**

The objective of this research is to identify the key factors which affect customer's choice of retailers and leads to store loyalty in case of high involvement products (e.g. consumer electronics/ home appliances) in retail setting of Pakistan. Identifying key drivers of retail store loyalty and how do retailers influence consumer brand choice in case of high involvement product in Pakistan remains the primary research objective of this research.

### **Research Tasks**

To achieve the objective of dissertation, the following research tasks are formulated as:

1. To work out theoretical basis, frameworks and key concepts to explain the retail brand equity, key drivers of retail brand loyalty and factors effecting consumer behavior.
2. To evaluate the situation of retail trade industry of Pakistan in connection to economic growth, currents trends, scale, volume and future potential.
3. To create theoretical model which incorporate key variables that drives store loyalty and explain how do retailers/salesperson influence consumer choice of high involvement products(consumer electronics) in Pakistan.

4. To work out research design, strategies and tools in mix-method approach for evaluating consumer buying motivation, expectations, satisfaction, trust and brand loyalty.
5. To explore the key characteristics, values, lifestyle, expectations, segments and buying motivation of consumers when buying high involvement products such as consumer electronics/home appliances in Pakistan.
6. To determine the key factors effecting customer choice of store and their level of brand loyalty to a) salesperson, b) retailers c) manufacturer.
7. To develop model/matrix for creating brand loyalty and create effective brand positioning for retailers in Pakistan.

### **Object of the research**

The object of the research is Pakistan's retail industry, especially retailers of consumer electronics as high involvement product category.

### **Subject of the research**

The subject of research is factors effecting customer choice of retail store and brand loyalty.

### **Hypotheses**

Effective retail brand positioning and creating unique brand identity is the critical aspect of retail branding. Since multiple factors have explained the concept of retail store loyalty under specific cultural context and industry wise, therefore, it is necessary to understand consumer buying motivation and key factors effecting customer choice of store in retail setting of Pakistan. Thus, we propose the research hypothesis as following:

**H1:** Store psychological or intangible attributes are more important factors in driving store loyalty than store functional or tangible attributes.

**H2:** Retailers/salesperson does play important role in brand choice of high involvement products through brand advocacy and recommendation behavior.

### **Research Methods**

This doctoral thesis uses mixed methods strategy -*Qualitative and Quantitative* approach to address the research problem. The research design incorporates qualitative in-depth, semi-structure interviews with retailers of consumer electronics across Pakistan followed by quantitative customer survey forms. Customer survey forms were used to collect data from 463 participants

using the Likert scale (1-7). Statistical methods such as descriptive statistics, inferential statistics (e.g linear regression and mediation analysis) were used to test the statistical research hypothesis and relationships between variables using IBM-SPSS and AMOS software. Semi-structured depth interviews were carried out with 25 store managers and salespersons across Pakistan to get insight and deep understanding of research problem. Coding techniques (e.g *open coding*, *axial coding* and *thematic coding*) were employed to analyze the text of the interviews. Graphical methods such as monograms and graphs are used to summarize and demonstrate the empirical results.

### **Research Limitations**

Research mainly covers retailers/dealers of consumer electronics those operating in Pakistan which can be categorized as high felt purchase situation. However, research object does not include others retailers, especially low involvement products such as grocery, clothing, fashion, IT products, mobile phones etc. Therefore, research findings may have limitations in its application and generalization in low involvement product as well other high involvement products such as automobile and luxury items. However, these study findings can be applied in neighboring countries and similar contexts such as India and Bangladesh. The study has limited scope and may not be fully applicable in the Western countries.

### **Research period**

The research period starts from 2018 to 2021 including the selection of topic, research design, research methods, data collection and analysis of both qualitative data and quantitative data using coding process and inferential statistics. Qualitative data was gathered from 25 retailers across different regions/cities of Pakistan in 2019, while quantitative data was collected from 463 customers using customer survey forms to validate the casual model in 2020. Research novelty model and matrixes were validated from industry experts in 2021.

### **Thesis Proposed for Defense**

1. *Store psychological or intangible attributes* (e.g. *services quality*, *store atmosphere*, *retail brand personality* and *consultative-competence behavior*) play a significant role in driving store loyalty than *functional or tangible* (e.g. Price and Merchandise) when buying high involvement products such as consumer electronics in context of Pakistan. Consumer gives high importance to psychological attributes than tangible benefits when choosing a retail store for buying consumer electronics products. However, store loyalty is not the direct outcome of store attributes; rather it is mediated by the variable-satisfaction-trust.



**2. Retailers/salespersons** play a significant role in customer choice of brand through brand advocacy and recommendation behavior. In relationship selling behaviour, customers maintain their primary loyalty to *Salesperson* and accept the advice of salesperson when choosing a brand.

### **Research Novelty**

1. First, this doctoral thesis proposes the ***Retail Brand Equity Model*** (RBEM) based on the research findings. The model lays down functional and psychological features of store in a sequence or ladder step to achieve retail brand loyalty.
2. Second, this doctoral thesis proposes ***Store Loyalty Matrix*** (SLM), which is derived from the *RBEM* model using the parameter of “*satisfaction-trust*” on the x-axis and “*brand loyalty*” on the y-axis respectively. SLM model helps retailers to identity their current brand position, strength and weakness, stage in business life cycle, and customer loyalty level with the company. SLM describes customer-brand relationships that explain what actions should be taken to increase brand image and loyalty.
3. Third, ***Retail Brand Positioning Matrix*** (RBPM) is proposed which takes into account *Tangibility-Intangibility* level and *Relational-Consultative selling behavior*. RBPM offers different scenarios in which a retail store can assess its market position and take actions for effective brand positioning. The matrix allows retailers to identity which store attributes are important to focus in the given situation.

### **Definitions proposed by the Author**

#### **1. Store loyalty**

*“Store loyalty stands largely on the intangible features of store and retailers ability to satisfy customer’s intellectual and emotional needs in the acquisition of their favorite product”.*

#### **2. Retail Brand Positioning**

*“Retailer’s designing of store attributes in a way that differentiates its services from others and build a unique identity based on functional as well as psychological attributes of the store that ultimate nurture the relationships and add value for customers”.*

#### **3. Salesmanship**

*“The art of salesmanship relies on the capability and behavior of salesperson to rightly identify customers ‘needs and empowering them to make right choices with confidence”.*

This doctoral thesis comprises of four chapters in total, first two chapters deals with theoretical evaluation of key concepts in retail branding, retail services industry analysis of Pakistan and empirical research methods used. The last two chapters' presents empirical findings and validation of models.

*Chapter 1 of thesis* starts with critical analysis of retail trade industry of Pakistan and the evaluation of theories, key concepts and review of literature related to retail brand equity and key drivers of store loyalty or factors effecting customer choice of store.

*Chapter 2 of thesis* evaluates theory of brand equity (BE) and related concepts such as brand loyalty, customer satisfaction and trust. In addition, the chapter provides information on empirical research methodology and tools for data collection.

*Chapter 3 of thesis* presents research findings from in-depth interviews data and customer's survey forms followed by discussion and comparison of results with previous studies.

*Chapter 4 of thesis* deals with promotional work and proposes novelty model and matrixes for increasing competitiveness of retailers in Pakistan. The novelty model and matrixes shows unique combination of capabilities and skills at each stage of achieving loyalty. The tangible attributes of stores such as price and merchandize image do not contributes in retail brand differentiation and store loyalty. The main objective of research innovative model is to identify and link different resources and capabilities of retailers that offers opportunities to create competitive advantages and increasing the overall performance of retailers of high involvement products in Pakistan. The chapter ends with expert's validation of novelty models and matrixes. Conclusions and recommendations have been forward for the effective implementation of novelty model/matrixes and other empirical findings. The list of bibliography is provided at the end of this doctoral thesis.

The Doctoral Thesis comprises of 206 pages including 27 Figures and 22 Tables. The list of literature contains 463 sources. The Thesis includes 14 Appendices.

### **Approbation of Research Results**

- The authors has presented research findings in two international conferences and also published results in two International Research Journals.

- The author has taught the part of international business strategy as the core subject to business students at University of Turku, Pori Unit, Finland.
- The research novelty model/matrixes and recommendations have been adopted by the HERO Pak Electric Industries (Pvt) Limited Pakistan and *Naeem Electronics*, national chain store in Pakistan.

### **Author's Publications**

1. Zafran, M. (2022). Brand Name Love: The effects of Islamic bracketed name on Perceived quality and Purchase intention in retail food industry of Pakistan. *Journal of Business Administration and Management Sciences (JOBAMS)*, Vol.4, issue 01. In print
2. Zafran, M., & Vevere, V. (2021). The impact of Relational selling vs Consultative selling behavior on store loyalty with mediating role of Satisfaction in Pakistan. *Acta Prosperitatis*, 12, 203-222. (EBSCO)
3. Zafran, M. (2020). How Consumer Perceive Different Relational Benefits In Retailing And Their Impact On Store Loyalty In Pakistan.. *Proceedings of the XXI International scientific conference at Turiba University. Sustainable Economy. The Latvian Story*, Riga: Turiba University, 115-130. (EBSCO)
4. Zafran, M. (2018). Effects of Corporate Social Responsibility on Customer Brand Choice in Baltic Region: Mediating Role of Product Involvement Level. *European Integration Studies*, 12, 172-182 . (Web of Science)

### **Scientific Paper Presented at International Conference**

1. "Consumer in Baltic region understanding of CSR and its effects on consumer brand loyalty", *ICEP- 2018, 16<sup>th</sup> International Scientific conference*, "The future of European Union: Political, Economic, And Social Challenges", 27<sup>th</sup> April 2018 at Kaunas University of Technology, Faculty of Social Sciences, Art and Humanities, Lithuania.
2. "Trends in acquisition of resources and their relative importance by SMEs in Pakistan", *ICSHE- International Conference on Social Science, Humanities and Education*, 21-23 December 2018, Berlin-Germany, organized by iCShe (available at [www. Icshe.org](http://www.Icshe.org)).

3. “Corruption in Pakistan Public Services Sector and its Rebranding Challenges”, *IASIA- April 2019, KTU regional conference on Corruption, Ethics and Culture on Public Administration*, held on April 24-25 at Kaunas University of Technology, Lithuania.
4. “Society, Culture and Education system in Pakistan”, *Networked co-development*, open seminar held on February 27, 2019 at University Consortium of Pori-Finland.
5. “The retail brand influence on customer product purchase decision”, *Networked co-development seminar*, held on March 26, at University Consortium of Pori-Finland.
6. *Q-RAM*, “Governing by Numbers: Audit culture and contemporary tales of universities’ accountability”, *Q-RAM workshop- organized by Kozminski University*, on October 25<sup>th</sup> – 26<sup>th</sup> 2018 at Kozminski University, Warsaw, Poland.

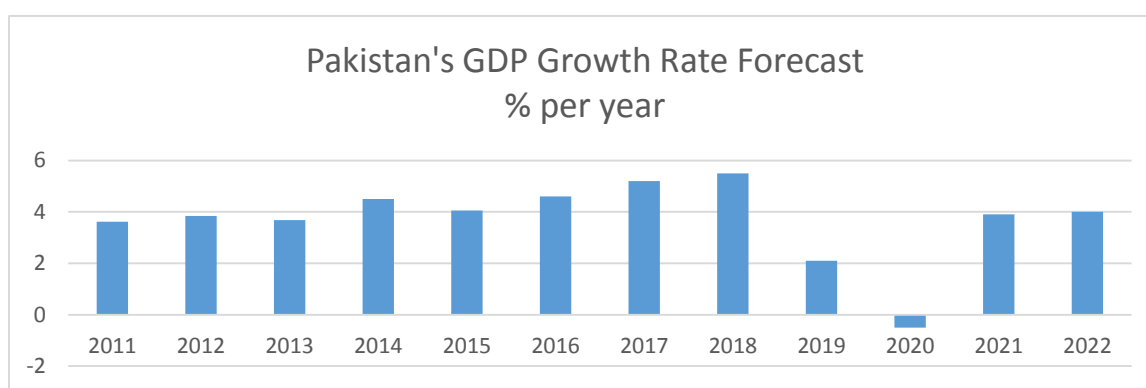
## **1. FRAMEWORK FOR RETAIL BRANDING AND ANALYSIS OF PAKISTAN’S RETAIL INDUSTRY**

This chapter of the thesis includes evaluation of retail services industry of Pakistan and discusses key concepts and theories encompassing retail brand equity, factors effecting customer choice of store and currents studies on retail branding.

### **1.1 Evaluation of Pakistan’s Retail Industry**

The subcontinent region-India and Pakistan are dominated by unorganized retailing comprising of low-cost retail formats such as *Kiryana* shops, hand carts, roadside vendors, and small corner shops owned by private vendors (Jain and Aggarwal, 2017, p-77). The retail industry is changing with the arrival of new retail formats (Shi et al., 2018); and is subject to significant changes in the technological landscape and consumer buying behavior (Amadeo, 2018). According to the Punjab Board of Investment and Trade (PBIT), the retail industry of Pakistan is the second largest sector providing around 16% of jobs to the labor force (The Frontier Post, 24 April 2019). Pakistan’s retail industry is the third largest sector, after agriculture and manufacturing. According to the State Bank of Pakistan (SBP), retail trade attracts well above 7 percent of foreign direct investment (FDI) which accounts fifth-largest sub-sector of FDI investment preceded by information and technology (39%), financial and insurance (16.7%), manufacturing (11%) and mining (10.6%).

According to the Economic Survey of Pakistan, the share of the retail services industry in GDP for FY2020 was 61.40 percent. Further, Planet Retail-a global retail forecasting company reported that the country retail market size to around \$152 billion with an annual growth rate of 8 %. The share of wholesale and retail in services is 33% and in overall GDP around 18 % (Punjab Board of Investment and Trade, 2016). The World Bank forecasted the decline in GDP growth (at factor cost) to 3.5 percent in FY21 with the contraction of 0.5 percent as compared to FY20. The contraction in growth is mainly due to low base effects and recovering demand after covid-19. The data indicates that the services sector saw improvements during FY21, especially the segments as wholesale, retail trade, transport, storage, and communication. The manufacturing sector of Pakistan has witnessed substantial growth in Textile, Food Beverages & Tobacco, Non-Metallic, Mineral Products, and Automobile in the first nine months of FY2021 which is recorded the highest growth of 8.99 percent since FY2007( Pakistan Economic Survey 2020-21).



*Fig 1.1 GDP Growth Rate of Pakistan*

*Source: Author's illustration based on Asian development outlook update, September 2021.*

The size of the retail sector is estimated at \$50 billion. Economic Survey of Pakistan (2013-14) revealed that the retail sector has a 5.2% growth rate valued at PKR 4.36 trillion, which accounts for 18.2% of GDP. The retail plant report “*the path 2020*” indicates that even a moderate level of economic growth will have a significant impact on the middle-class consumer and retail services industry (Planet Retail- Deloitte, 2013). According to Pak retailer’s reports, more than 2 million retail outlets are operating in the country, out of which nearly 800,000 outlets represent FMCG stores including ‘*Kirana shops*’, ‘*pan*’ shops (kiosks), departmental stores, and pharmacy with general items. (Pak retailers, Dec 5, 2019). In fact, the Pakistan retail industry is dominated

by small retailers, called “*Kiryana stores*” (mom and pop), located at arm’s length across the country.

In addition, Euro monitor reports that the number of retail outlets in the country will increase by 50 percent to 1 million by the end of 2021 (Bloomberg, Sep 28, 2017). The number of e-commerce users is expected to reach 65.1 million by 2025 (Statist, 2021). Retail trading in Pakistan plays an important role in the economy and economic revival has increased the growth of retail sector. According to Standard Chartered Bank report, the size of Pakistan’s retail sector increased from \$96 to 133 billion, which is a 38.5% increase in four years. According to Planet Retail, the total current value of Pakistan’s retail sector is estimated at \$152 billion. Further, with an annual growth rate of 8 percent, retail revenue cross \$200 million in 2018. (Aurora Dawn, 12 Dec, 2017).

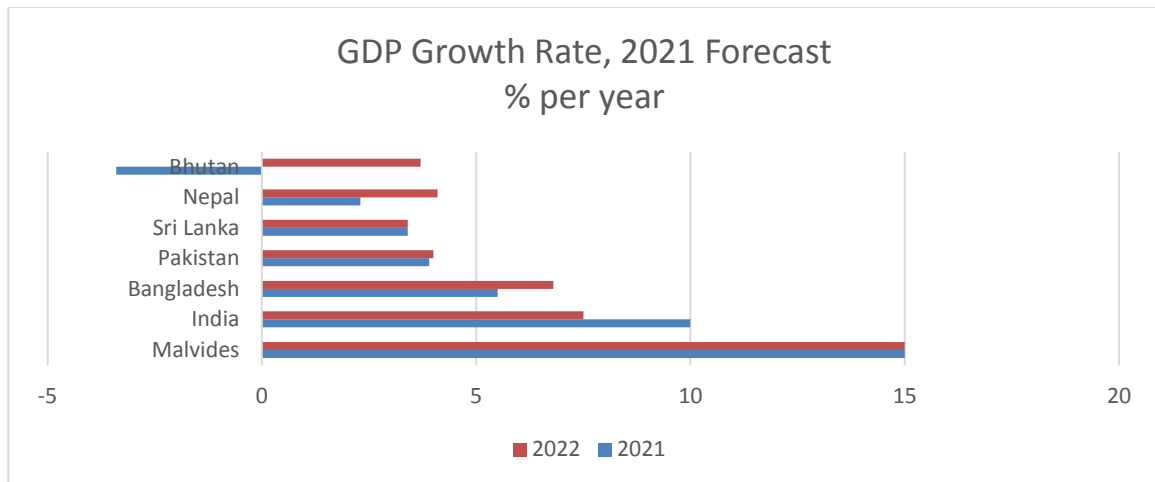
Table 1.1

Total of Retail Net Sales in Pakistan from 2013-2018.

Year	Billion U.S dollar
<b>2018</b>	210.28
<b>2017</b>	185.57
<b>2016</b>	163.77
<b>2015</b>	145.14
<b>2014</b>	129.26
<b>2013</b>	115.85

*Source: Authors’ illustration based on Statista, 2018. Total retail net sales in Pakistan 2013-2018*

The report indicated that the consumer electronics industry of Pakistan has total revenues of \$0.8bn in FY 2014, which represents an annual growth rate of 5.2% and is expected to grow robustly towards 2019-2020 (Market line, 2015). The analysis of data in Fig 1.2 given below shows that Pakistan's economy is performing average level but sustaining its growth rate. Thus, retail services industry of Pakistan still remains at the backbone of economic growth and major source of job providers. It clearly suggests that the retail sector of Pakistan is consistent in the growth as per the prediction of foreign investors.



*Fig 1.2 Comparative GDP Growth Rate of Asian Countries*

*Source: Author's illustration based on Asian development outlook update, September 2021.*

In conclusion, online shopping and *E-commerce* are getting popular among youth who are much familiar with the use of technology and internet shopping. For example, the rise of *Daraz.Pk* and *Foodpanda* during covid-19 is the classic example of e-commerce rising trends in Pakistan.

## **1.2 Evaluation of Theories and Key Concepts in Retail Branding**

The concept of “*retail brand positioning*” evolved through several stages and a couple of theories explain the phenomena. Hollander (1960) first gave the idea of “*the wheel of retailing*” the theory explains the evolution of retailers. It explains the patterns of competitive development and change in retailing. Holland used the term “*accordion effects*” that describe how retailers become specialized stores, and then widen their range of merchandise again. According to this model, retailers enter the market as “low-price” discount stores and then evolved to a sophisticated level and adopt customer services orientation strategy. Retail brand positioning is a critical research area in marketing and researchers are re-examining the topic to increase theoretical understanding (Saqib, 2020). Retail brand positioning offers many advantages such as increased consumer loyalty and purchase value. Kapferer (2008) comments that positioning is the process of emphasizing the distinctive feature of a brand that makes it different from other competitors.

### **1.2.2 Retail Brand Equity**

Achieving retail brand loyalty is challenging and has little basis for differentiation. The retail industry is evolving and adopting innovative tools for effective communication, enhancing

customer experiences, and increasing purchase value. Retailers often use price incentives and promotional tools to attract customers, but it is not sufficient condition to achieve brand differentiation. Customer's expectation plays a key role in satisfaction and loyalty (Dlamini and Barnard, 2020); understanding customer needs and expectations can make a difference for retailers. In the past, researchers remained focused on investigating the impact of store attributes including price, merchandise quality, and other functional aspects, however, the focus has shifted from transactional view to relational view which emphasizes the importance of building long-term customer relationships. Customer experience is getting dominance over the relational perspective (Verhoef et al., 2009; Calder et al., 2018). A large number of retailers are enhancing the overall customer experience through touch points in the store environment. In this context, the concept of store atmosphere and retail brand personality plays a significant role in the alignment of the *retail brand personality* with the store environment in order to increase customer feelings of belongingness and happiness (Braxton and Lau-Gesk, 2020). Retailers offer a unique store environment in such a way that satisfies customers' social needs, emotional experience, and shared identity (Grewal et al., 2017).

The concept of retail brand equity is simply the value created by retailers (Swoboda et al., 2009). The definition of the retail brand simply entails the idea of a store as a brand and includes everything that the idea entails. Similar to manufacturer equity, different approaches have been adopted to explain the concept of retail brand equity, yet there is no consensus on a single approach to explaining retail brand equity so far. Brand equity is viewed as the outcome of the large number of attributes interacting with each other and in turn leading to loyalty (Jinfeng and Zhilong, 2009). Despite extensive research, there is little agreement on which store attributes predict RBE. Daultani et al. (2021) argue that customer satisfaction has a strong link with store-related attributes (store ambiance, layout, salesperson assistance, and customer services) in high purchase settings. In a competitive environment, retailers are struggling to find new sources of differentiation, and innovation in price promotions is helping them to maximize the profit margin (Linina, Bruksle, & Zvirgzdina, 2019). Consumers are more critical of the softer discount format and expect the soft discounters to offer low prices, more bargains & deals, easy access, but also visually appealing store design, and superior customer service (Janssens et al., 2020). Literature proves that relational benefits have a link with customer loyalty and relational benefits such as confidence and special treatment effects consumer loyalty (Channa et al., 2020). In short, customers are increasingly



giving importance to retail experiences, purchase value, satisfaction, and relationships with retailers.

### **1.2.3 Current Studies in Retail Branding**

Dilmeri et al. (2020) published an article with the title “store of the future” which highlights the importance of (re)innovation and (re)imagination with respect to physical store space. The author highlights key aspects of future retailing as being part of *Omni channel retailing*, and significant impact of digitalization, increasing demand for customer experience, whereas physical store environment offers space for interaction process, socialization and need for communications. Bauerová and Braciníková (2021) indicated that growing importance of online selling has forced many retailers to shift to an online selling environment and adopt a hybrid channel strategy. Bonetti et al. (2020) also favor the idea of embracing in-store technology, innovation, and change management to generate public relationships buzz. Swoboda and Winters (2021) also indicated the positive effects of offline channel images on online channel images and vice versa. Maggioni et al. (2019) highlights the importance of the retail shopping experience and claims that a positive retail shopping experience can increase customer well-being and life satisfaction. Ahmed et al. (2019) measure the service quality of retail supermarkets in Karachi, Pakistan using the *Retail Service Quality Scale (RSQS)*. Jain and Aggarwal (2017) investigate the relationship between services quality, satisfaction, and loyalty in Indian retail industry (electronics items) and report that personal interaction, reliability, and policy are the key dimensions that positively influence customer satisfaction that in turn affects customer loyalty. Zhu and Chen (2017) wrote a seminal paper titled as a *tale of two brands* that demonstrates the joint effects of the product brand and retailer brand on product evaluation and consumer brand preference.

### **1.2.4 Key Factors Effecting Store Loyalty**

Previous research classifies consumer-buying behavior in retailing based on two things: 1) attribute-based, 2) attitude-based (Mantel & Kardes, 1999). Attribute-based buying is more complex and consumer makes judgments based on product knowledge and key attributes of the product. Attributes-based buying theory holds that customers are loyal to the store as long as desired products are available in the stock and meet customer purchase criteria. In contrast, Attitude-based buying is more intuitive and relies on customer lifestyle and marketing. However, different approaches have been used to measure retail store loyalty that resulted in different variables depending on the product category and cultural context. For example, brand personality

and brand identification (Nikhashemi & Valaei, 2017); service quality and price (Ha & Janda, 2014), customer satisfaction; brand commitment (Han & Hyun, 2013), brand trust (Fung, King, Sparks, & Wang, 2013). Store environment provides a key source of competitive advantage and affects consumer behavior (Wu et al., 2015). Hence, considering the previous connection to drivers of store loyalty, this doctoral thesis proposes the following research hypotheses:

**H1:** Functional features of store (*merchandise & price*) significantly affect store loyalty.

**H2:** Psychological attributes of store (*environment, services quality, retail personality*) have significant impact on store loyalty.

### **1) Store Merchandising**

Customer satisfaction is linked with the store environment, whereas perceived value comes from product variety and assortment image of the store (Grosso et al., 2018). Therefore, merchandise image remains an important factor in the customer choice of retailer. Ruiz-Real et al. (2018) indicate that a positive relationship exists between a perceived variety of retailers' assortment and store loyalty. Assortment arrangement involves two layers of decision: first, selection of range and then the subsequent arrangement of range by addition or deleting of some product to meet customer needs. High product assortment reinforces the concept of *one-stop shopping* convenience (Messinger & Narasimhan, 1997); increase brand recall, increase cross-category sale (Ailawadi & Keller, 2004); and greater utility for variety-seeking behavior (Kahn & Wansink 2004). However, literature shows contradictory results that deep assortment creates confusion for the customer and consequently becomes counterproductive to the firm (Iyengar and Lepper, 2000). Retailers who strategically design product assortment by combining leading national brands with store brands enjoy high brand equity and get a favorable response from consumers, positive assortment's image, and loyalty.

**H1a:** Perceived assortment image influences customers' choice of store.

### **2) Store Prices**

Shiv, Carmon, and Ariely (2005) comment that brand price can change consumer perception of product quality. In general, consumer perception of store pricing influences consumer attitudes towards retailers (Vahie and Paswan, 2006). Since customer value results from consumers' perceived difference between benefits gained and the price paid. Previous literature clearly

establishes a link between price and perceptions of product quality (Dodds et al., 1991). The perceived price-quality relationships can be analyzed through product attributes, benefits, and cost. Olbrich and Jansen (2014) comprehend that in grocery retailing, higher price signals greater product quality, while, in the case of food private labels, a negative correlation exists between the use of price as a quality indicator. Roth et al. (2017) comment that unit price influences store price image dimensions as price processibility, price perceptibility, and evaluation certainty. Unit price perception affects individual price-level perception of the entire store through generalization and information-integration processes.

**H1b:** Store pricing has a significant impact on store loyalty.

### **3) Store Environment**

The influence of the store environment seeks support from environmental psychology that people make inferences of objects based on environmental cues. The store environment serves as a dream factor for high-end customers. Store services experience involves atmospheric cues, in-store interactions, and product assortment (Mohd-Ramly & Omar, 2017). Store environment entails tangible components such as colors, design, and layout that enhance consumer sensory experiences. Store environment contains physical environment attributes such as the music, lighting, layout, and arrangement of merchandise. *Design novelty* increases customer aesthetic pleasure and customers place greater value on design novelty (Murray, Teller and Elms, 2019). Literature highlights positive effects of store environment on consumer purchase intention (Bestari & Bahari, 2019). Sirgy et al. (2000) classify store image based on an atmosphere into two major types as upscale image and downscale image. *Upscale or prestige* image is presented with classical music, soft lighting, modern or antique-like fixtures likely to increase. Similarly, consumers' perceptions of crowding increase their negative emotions (Jones et al., 2010).

**H2a:** Store atmosphere has a positive impact on store loyalty.

### **4) Retail Services Quality**

Dabholkar et al. (1996) criticized the SERVQUAL model for its validity to measure the quality of the service in the retail environment and proposed the *Retail Service Quality Scale* (RSQS) based on a large US sample survey. This model gives a better understanding of the quality of service in the retail environment and it measures how services quality provided by retailers affects consumer perceptions of quality in the retail store. Measuring retail service quality should

be industry-specific (Yarimoglu, 2015) as services service quality indices for measuring quality services varies under country context. For example, personal interaction dimensions in Taiwan include; sincerity, generosity, and politeness (Imrie et al., 2002); while formality is a critical services factor in the context of Japan (Winsted, 1997). The literature reveals that culture plays an important role in understanding consumer behavior (Alfinito & Torres, 2012). Therefore, this study examines the effects of services quality on store loyalty in the context of Pakistan.

***H2b: Retail services quality has a positive relationship with store loyalty.***

## **5) Retail Brand Personality**

The concept of brand personality refers to perceived human-like characteristics for non-human objects and consumer tends to attribute human characteristics to their preferred product, services, and store (Lombart and Louis, 2014). Research clearly shows that brand personality has an impact on consumer purchase intention (Wang, Yang, & Liu, 2009), brand loyalty (Das, 2014), and brand trust (Ha & Janda, 2014). Aaker (1997) proposed brand personality scale, which composed of five factors: (1) Sincerity (e.g., down-to-earth, honest, wholesome, and cheerful), (2) Excitement (e.g., daring, spirited, imaginative, and up-to-date), (3) Competence (e.g., reliable, intelligent, and successful), (4) Sophistication (e.g., upper class and charming), and (5) Ruggedness (e.g., outdoorsy and tough). Aaker's definition of brand personality has been heavily criticized on several grounds (Geuens et al., 2009), pointing that the construct embraces other aspects besides personality such as age, gender, and social class. In addition, they question the presence of an item "Western" in Aaker's scale (1997) and challenge its applicability in cultures. Thus, we propose research hypothesis as:

***H2c: Retail personality (competence) influence customer choice of store.***

## **6) Selling Behaviors**

Previous literature clearly indicates the effects of seller's behavior on consumer's characteristics and buying habits such as person-to-person relationships as well as person-to-firm level relationships (Sun and Lin, 2010). Selling behavior manifests characteristics of a salesperson during interpersonal communication with the customer that in turn influences consumer purchase decision. Salesperson abilities and skills such as interpersonal metalizing, adoptive selling, cognitive skills, and products related knowledge, positive ambiance, and nonverbal cues help to build rapport with customers, which facilitate effective selling behavior (Chakrabarty et al., 2014).

Recent research also shows that selling orientation/behavior strategy has a positive impact on customer satisfaction, trust, and loyalty (Zafran and Vevere, 2021); and the customer orientation approach is linked to higher sales performance. In selling consumer electronics, product knowledge and product presentation play a key role. Previous literature indicates salespersons influence is significant in generating a gap between customer purchase intention and actual purchase (Campbell and Singh, 2019).

*Relational selling behavior* helps in recovering services failure image and increase customer trust and satisfaction (Chang; Hung, 2018). It is linked with relationship quality and relationships quality involves satisfaction, trust, and commitment. *Relational selling behavior* manifests cooperation, the approach uses competence and low-pressure selling tactics (Kennedy et al, 2001). *Consultative task behaviors* focus on the problem-solving and competitive nature of building relationship. It takes into account perceptions of expertise, whereas personal relationship considers perceptions of trust. *Consultative task behavior* is factual-based behavior based on the central processing route, whereas, *relationship behavior* uses peripheral route and emotion in the communication process.

Zablah et al. (2012) conducted a meta-analysis and comprehend that customer orientation is a psychological construct, which reflects salespersons' predisposition to meet customer needs. Guenzi and Georges (2010) comment that buyers' trust in a salesperson influences customer purchase intention and brand loyalty. Consumers seek recommendations/advice from salespeople when faced with complex buying decisions (Badrinarayanan and Laverie, 2011, p.123). A survey on consumer electronics products shows that salespersons' recommendations play an important role in customer purchase decisions, accounting most important for 15 percent, very important for 44 percent, and somewhat important for 15 percent (Wolf, 2006). Salesperson's recommendation creates value for customers in the retail environment (Reynolds and Arnold 2000). Therefore, it is assumed that salesperson plays a role in customer decision-making and influence consumer brand choice in case of high involvement products (e.g consumer electronics) in the context of Pakistan. Thus, in line with research objectives, this study proposes the research hypotheses as

***H3: Relational and consultative selling behavior positively influence store loyalty***

***H4: In relational selling, customers maintains their primary loyalty to salesperson***

***H5: Salesperson's influence customer's choice of brand through brand advocacy.***

## **2. THEORETICAL FRAMEWORK FOR BRAND LOYALTY AND EMPIRICAL RESEARCH METHODS**

### **2.1 Defining Brand Equity**

The concept of “*customer-based-brand-equity*” (CBBE) was coined by Aaker (1991) that predominates in the study of brand management and yet is relevant for practitioners and academia. Many scholars have contributed to conceptualizing the concept of brand equity and it is still getting the attention of many researchers to extend and review the concept into multiple domains. Brand equity simply explains customer-brand relationships. Aaker (1991) proposed a set of five categories of brand assets that include: 1) brand loyalty, 2) brand awareness, 3) brand association, 4) perceived quality, and other brand assets. The concept of brand equity is surrounded by many illusions when it comes to conceptualizing the construct. As a result brand equity construct has proliferated into multiple meanings and approaches such as accounting perspective, marketing perspective, customer perspective, brand owner perspective, and brand purpose perspective (Wood, 2000). For example, financial accountants take a value approach to measure brand equity. Brand functional benefits such as the difference between sales and cost are typical measures of brand equity. Leone et al. (2006) comment that majority of the authors have defined brand equity based on the premise that brand power exists in the minds of consumers. In brief, various approaches have been adopted to explain the *customer-brand* relationship and *customer-based-brand* equity dominates the literature that focuses on the customer-brand relationship.

#### **2.1.1 Brand Loyalty**

The concept of brand loyalty has evolved through different meanings and stages over the period such as transactional, functional, psychological perspective, value-based, customer-based, relationship-based, experience-based perspective, and so on. Brand loyalty captures the essence of a deeply held commitment to repurchase a product (Shahsavari and Sudzina, 2017). It involves consumers' tendency to engage in repurchase behavior as well as share positive experiences with others. Närvänen et al. (2020) proposed eight loyalty meanings classified into two main dimensions as *Reflexive* vs. *Routinized* and the second dimension as *Private* vs. *Social*. These dimensions of loyalty seek meaning from four metaphors: 1) loyalty as freedom of choice; 2) loyalty as being conventional; 3) loyalty as binding; and 4) loyalty as belongingness. Brand image and brand identity are the main ingredients of developing strong brands and active loyalty. Brand loyalty refers to deep commitment held by customer to rebuy a product or service consistently in

the future. Attitudinal loyalty includes cognitive and affective dimensions, while behavioral loyalty is concerned with repeat purchase behavior (Dick and Basu, 1994).

Relative Attitude	High		Low
	High	<b>Loyalty</b>	<b>Latent Loyalty</b>
	Low	<b>Spurious Loyalty</b>	<b>No Loyalty</b>
<b>Repeat Purchase</b>			

Fig 2.1 Conceptual Framework of Brand Loyalty

*Source: Author's illustration based on Dick and Basu (1994)*

Attitudinal loyalty relates to the brand concept (attitude), while behavioral loyalty refers to repeat purchasing. The “*spurious loyalty*” and “*no loyalty*” is a condition with low attitude because of low differentiation between the competing brands. Similarly, *spurious loyalty* exists because customers have limited options and only access to a particular brand.

### 2.1.2 Customer Satisfaction and Brand Trust

Customer satisfaction is defined as “judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption- related fulfillment, including levels of under-or over- fulfillment” (Oliver et al., 1997, p. 13). Brand loyalty is the outcome of customer satisfaction and generates price premium and positive word of mouth and willingness to maintain relationships (Bakar et al., 2017). Szymanski and Henard (2001) conducted a meta-analysis of about 50 research papers related to customer satisfaction and their findings show that antecedents to satisfaction varied between studies. Retail satisfactions have multiple dimensions such as satisfaction with the salesperson, satisfaction with assortment, satisfaction with services, and satisfaction with the store environment. Customer orientation is a new approach to measure customer satisfaction and brand loyalty (Ha and John, 2010). In modern retailing, customer satisfaction is linked with a purchase experience that is giving rise to retail sophistication. Enhanced shopping experience resulting in increased satisfaction and customer well-being (Maggioni. et al, 2019). In addition, brand trust incorporates elements of uncertainty, risk, and insecurity and it is regarded as the core component in relationships building (Balaji et al., 2016). Brand trust is defined as “the expectation held by the consumer that the service provider is dependable and can be relied on to deliver on its promises” (Sirdeshmukh et al., 2002, p.17).

Satisfaction is the key determinant of brand trust and satisfaction with retailers' services increases trust (Rubio et al., 2017). Thus we propose research hypothesis as

**H6:** *Satisfaction-Trust plays mediating role between store attributes and store loyalty.*

*Trustworthiness* is a different concept from trust and it refers to evaluation criteria of all the elements contributing to trust. Trustworthiness refers to the perceived probability that an individual will maintain the trust of others. Caldwell and Clapham's (2003) developed mediating lens framework that theorizes that one's assessment of another party's behavior result in trust (see Fig 2.2)

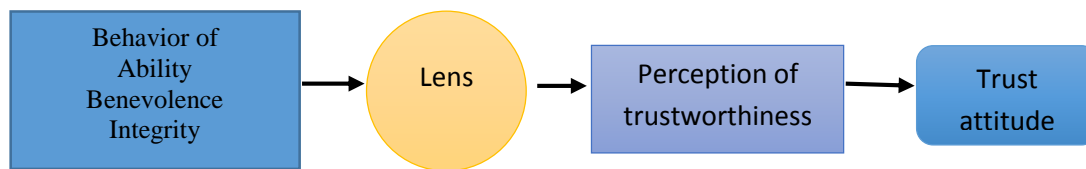


Fig 2.2 Mediating Lens of Trust and Trustworthiness

*Source: Author's illustration based on Caldwell and Calpham's mediating lens (2003).*

## 2.2 Research Methodology

This study uses mixed methods strategy, a combination of qualitative and quantitative approach for better understanding of research problem. The mixed method approach offers richer quality data in the form of theory than a single method strategy (Hillman and Radal, 2018). Understanding consumer buying motivation and purchase decision about high involvement product is complex phenomena, therefore, using mixed method strategy is an appropriate. At first, semi-structured interviews with 25 retailers of consumer electronics were performed across Pakistan including three major retail formats i.e. superstores, chain stores and independent stores. The interview text was transcribed and different coding techniques (open and axial coding) were applied to analyse the data. The empirical findings from interviews helped in the formulation of casual model and selecting variables for quantitative research. Results from customer survey forms comprising 463 respondents were obtained using descriptive statistics, factor analysis, multiple linear regression, mediation analysis and correlation. Using mixed method approach enriched the understanding of consumer electronics industry and consumer motivation which was not possible with single approach.



### 3. EMPIRICAL RESULTS ON HOW RETAILERS INFLUENCE CONSUMER DECISION AND KEY DRIVERS OF STORE LOYALTY IN PAKISTAN

#### 3.1 Findings from Qualitative Interviews

In the first stage, *open coding* was performed which resulted in 35 initial codes. *Open coding* helped to identify basic functions, expressions and theme in interviews transcriptions. *Open codes* were assigned based on repeating meanings, expressions, and statements. The *open coding* process produced key dimensions of consumer buying behavior as illustrated in Table 3.1 Among the set of 35 open codes extracted, customer relationship was found the strongest determinant of store choice followed by salesmanship or selling behavior with 56 and 53 repeating statements, expressions, and meaning accordingly as shown in Fig 3.1

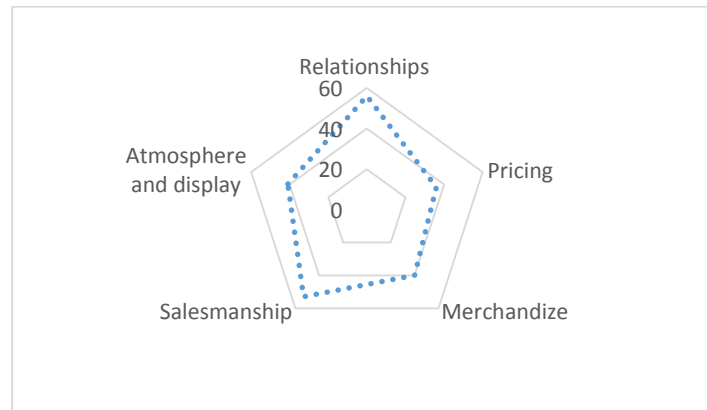


Fig 3.1 Frequencies of Key Codes Extracted from Interviews

Source: Author's own illustration based on interviews results.

A relationship with customers is most important factor in the choice of retail store. Salesmanship (selling behavior) is considered an important factor in customer selection of store when buying high involvement products. *Salesmanship* refers to key behavior such as courtesy, warmth, empathy, respect, friendliness and properly guiding customers about products and brands. Store *design-atmosphere* and *merchandize* are other key variables extracted from transcriptions with the frequencies of 40 and 41 respectively. Store pricing variable was recorded with low frequency as 36 that show store pricing is not a critical factor in the selection of store when buying high involvement products such as consumer electronics.

#### Results from Axial Coding Process

In the second phase of coding, axial coding was performed for further analysis, and initial codes from diverse segments were linked with each other to form a new theoretical category. Axial coding resulted into six main categories based on the similarities, common theme, and identical theoretical categorization as shown in Table 3.1

Table 3.1

List of Categories Derived from Axial Coding Process

<i>Codes</i>	<i>Categories</i>	<i>Frequency</i>	<i>Percentage %</i>
	<b>A:Consumer Buying Behaviour</b>		
1	Customer's with clear brand preference	34	12.1
2	Customer's with little or no brand preference	25	8.9
3	Types of customers	29	10.3
4	Cash and credit purchase	18	6.4
6	Consumer buying behavior	48	17.1
8	Purchase decision style	38	13.5
11	Product knowledge and decision making	47	16.7
29	Perception of retail channels	41	14.6
	<b>Total</b>	<b>280</b>	
	<b>B:Trust and loyalty</b>		
7	Relational marketing	56	28.0
14	Perceived purchase risk	21	10.5
15	Trust on retailer	63	31.5
32	Store loyalty and brand loyalty	60	30.0
	<b>Total</b>	<b>200</b>	
	<b>C:Store features</b>		
10	Aftersales services	26	18.5
16	Store pricing	16	11.4
20	Merchandise image	40	28.5
22	Store atmosphere	22	15.7
23	Service quality	27	19.2
34	Store design	09	6.4
	<b>Total</b>	<b>140</b>	
	<b>D:Elements of Retail Brand</b>		
05	Retailers brand positioning	28	18.4
13	Elements of retail brand	50	
24	Satisfaction with store	42	27.6
31	Sources of store image	21	13.8
35	Customer expectations	11	7.2
	<b>Total</b>	<b>152</b>	
	<b>E:Salesmanship</b>		
09	Salesperson influence on customer decision	82	44.3
21	Store owner personality	36	19.4
26	Characteristics of salesmanship	53	28.6
33	Loyalty to salesperson	14	7.5
	<b>Total</b>	<b>185</b>	
	<b>F:Quality Perception</b>		
12	Product brand differentiation	36	17.5
17	Country of origin effects on perceived quality	37	18.0

18	Product range and quality perception	12	5.8
19	Role of warrantee cues	39	19.0
25	Quality signals	70	34.1
	<b>Total</b>	<b>205</b>	

Source: Author's own illustration based on research findings

### **A: Consumer Buying Behaviour in Pakistan**

Results shows two major types of customers; first, who have a clear brand choice and tends to show loyalty; while the second type of customers have no brand preference and have divided loyalty between multiple brands. Such customers are undecided which brand to buy until they visit the store and seek recommendation from salespersons at different store. Brand loyal customers have preference for high-quality products and demand the product by name. They have brand awareness and product knowledge and less sensitive to price differences. They like to make independent decisions without accepting pressure selling tactics from retailers. However, the percentage of such customers is between 25-30% and they make purchase decisions on their first visit to store instead visiting multiple stores. Brand loyal customers build ties and relationships with retailers/salesperson for superior services and availability of latest products. In contrast, non-loyal customers are flexible with their brand choice and have divided loyalty between 2-3 different brands falling within similar price range and quality. Non-loyal customers show opportunistic behavior, engage in price and variety seeking behavior and not interested in developing relationships with retailers; rather they seek immediate reward.

### **B: Brand Trust and Loyalty**

Brand trust is the key variable in creating relationships and customers use relationships and other referral to choose the retail stores. Salesperson's competence and intellect increase customers' trust and confidence on retail store. Majority of customers value relational benefits such as friendship and priority treatment than monetary incentives. Reputation and credibility of retailer is much dependent with presence of professional staff, comfortable environment and ability to solve problem. Customers can trust salesperson only if he/she shows an adequate level of products knowledge, selling skills and ability to solve customer problems. *Interaction quality* is one of the main indicators of salesperson's competence and building relationships.

### **C: Store Attributes**

Aftersales services and services quality are the desired benefits customers always seek from retailers when faced with high felt purchase situation. Aftersales services mean problem-solving

skills and capability of retailers such as return, exchange, repair, warranty claims, and other product-related inquiries. For example, the statements capture the essence as following:

*“When a retailer uses its resources and systems to get solve customer problems on priority basis, it fosters relationship and open doors for repeat business”*

*“Efficient response to solve customers’ problems provides an opportunity to build trust and positive store image. Retailers not cooperating with customers in complaints claims and return are more likely to lose the customers and store credibility”*

*“Delivering quality services is not about special treatment, but having professional staff, understanding customer’s needs and problem solving”*

*“If you build close relationships with customers and take care of their problems properly, they will not go anywhere else”*

#### **D: Key Elements of Retail Brand Equity**

Interviews shows key element of retail brand equity that drive store loyalty as:

*“I think it is more about salesmanship and selling top quality brand”*

*“Multiple factors play role in building store image including salesmanship, relationships, and services/aftersales services”.*

*“If a store offers a nice environment, well-behaved staff, and good variety, it increases customer trust and satisfaction”,*

*“We are one of the biggest stores in the city offering full variety, well-educated and well-trained salesperson which is our strength”..*

Finally, *theoretical integration* is performed based on the resultant themes and categories as illustrated in Figure 3.2. Theoretical integration explains the process of retail brand loyalty and key factors affecting customer choice of retail store. Thematic model shows that when consumers faced with a problem, they seek information from multiple sources and salesperson or retailers are one of the credible sources to get right information. Buying high involvement products involves purchase risk; therefore, retailer play important role in reducing purchase risk.

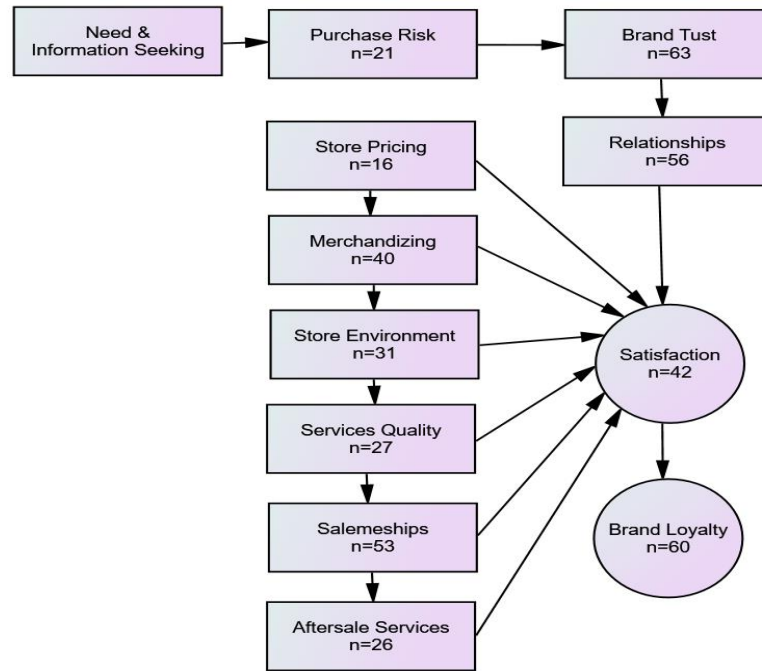


Fig 3.2 Theoretical Categorization & Integration

Source: Author's own illustration based on author's theoretical and empirical research results.

The results indicate relative low significance of store pricing. Thematic integration also reveals that brand loyalty is the outcome of customer satisfaction and brand trust.

### 3.2 Findings from Quantitative Survey Forms

The demographic information from a sample of 463 valid responses shows 345 (74.5 percent) male, while 118 (25.5 percent) female respectively. The breakdown of respondent's place of residence shows *Lahore* with 164 (35.3%), *Sialkot* and *Gujranwala* 40 (8.6%); *Multan* and *Bahawalpur* 95 (20.4%); *Islamabad & Rawalpindi* 142 (30.5%) and *Karachi* 14 (3.0%). In addition, respondent's occupation represents the following set of professions as skilled worker 25.2%; managers 12.3%; businessperson or self-employed 13.8%; university students 33.3%; other professional accounts 12.9% and members in the household were 2.2 %.

#### Analysis of Descriptive Statistics

Likert Scale from 1-7 is utilized to measure the consumer responses. Table 3.4 shows main descriptive statistics of store pricing images and results show that customers are not highly

satisfied with the current pricing policy of store selling consumer electronics in Pakistan. Lower price satisfaction may also mean customers visit multiple stores for price comparison.

Table 3.4

Main Indicators of Descriptive Statistics for Store Pricing

Items	Mean	Median	Mode	Range	Std. Deviation
<b>PR1</b> The prices are very reasonable at this store	4.89	5	6	6	1.578
<b>PR2</b> Store has a satisfactory prices level	4.82	5	5	6	1.486
<b>PR3</b> Prices of all products are cheaper at this store than others	4.30	4	4	6	1.723

Source: Author's illustration, based on survey results

*Store Assortment (SA)* image varies significantly across different retail channels as shown in Figure 3.8. The sample includes four major types of retail channels in Pakistan as *Company-Owned Store (COS)*, *Chain Store (CS)*, *Superstore*, and *Independent Store*. Descriptive statistics for the COS channel reveals that it has a low score of 3.95 for SA2 "...sell a variety of products from the different manufacturer". Superstores have competitive positioning in terms of assortment image with the highest score for all dimensions such as SA1-"carries high-quality products"(mean=6.0), SA2-"sells a variety of products"(mean=6.58), SA3-"all products are available" (mean=5.98), SA4-"products are stylish and latest model" (mean=5.92) respectively. It clearly suggests that customer perception of assortment at superstore is highly favorable than other formats that could result in store trust and customer satisfaction.

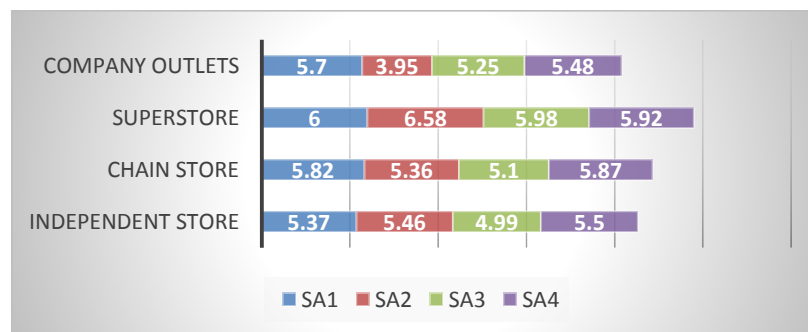


Figure 3.8 Arithmetic Mean Score for Retail Channels' Merchandise Image

Source: Author's Illustration, based on survey results

*Retail Service Quality* is another key predictor variable of store loyalty which is represented by five dimensions as *friendliness & help, courtesy, knowledge and skills level of employee and delivery of prompt services*. Fig 3.10 illustrates the mean score for all items falls in the range between 5.27 and 5.50, which is a moderately high level of customer agreeableness to services quality provided by retailers in the sample. Three service items including SEV1 (... offers a high level of services); SEV3 (...employees are knowledgeable); SEV5 (...employee gives prompt service) got lower scores as indicated by their mean values 5.27, 5.30, and 5.37 respectively. While SEV2 (employees are friendly and available for help) and SEV4 (...treats customers courteously) were rated more favorably with mean scores 5.50 and 5.46 respectively.

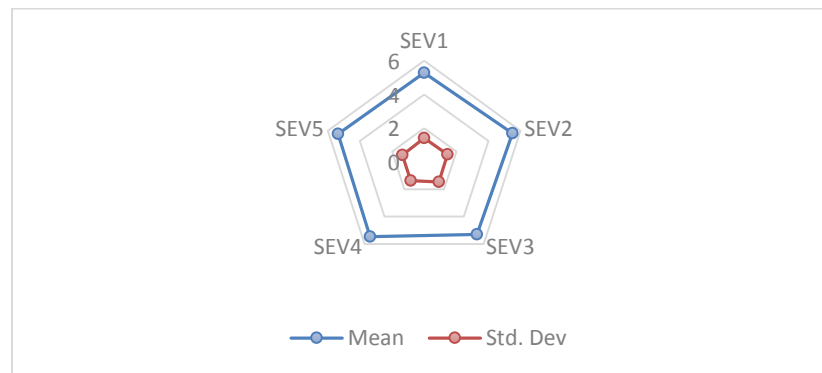


Figure 3.10 Arithmetic Mean Score for Retail Service Quality

Source: Author's illustration, based on survey results

Statistics further show that *satisfaction* three items gained a higher mean score of  $m=5.67$ , while brand trust items 3 and 1 were recorded with low mean score as 5.52 and 5.53, 5.67, and 5.53 respectively. While trust Item2, "this store has reputation for being good..." got more positive assessment in the survey. Results clearly suggest that satisfaction and trust play a positive role in store loyalty.

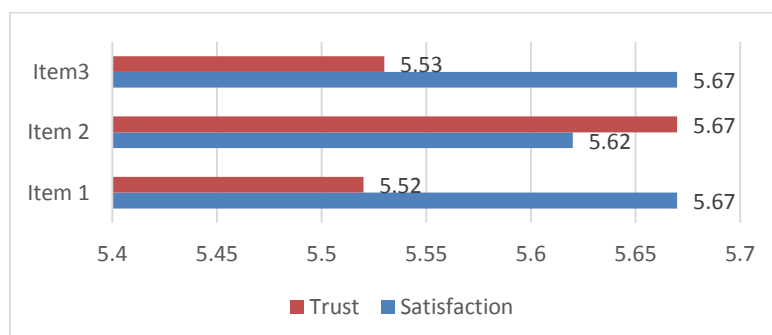


Figure 3.12 Arithmetic Mean Score for Satisfaction-Trust

Source: Author's illustration, based on survey results

Finally, the scale “manufacturer loyalty” or “brand loyalty” is adopted to compare the mean score between store loyalty (SL), loyalty to the salesperson (SPL), and brand loyalty (BL) as shown in Fig 3.13. The mean score of BL items is as high as BL1 (5.74) BL2 (5.58) and BL3 (5.85). The comparative analysis indicates that brand loyalty scores the highest, followed by store loyalty and salesperson loyalty.

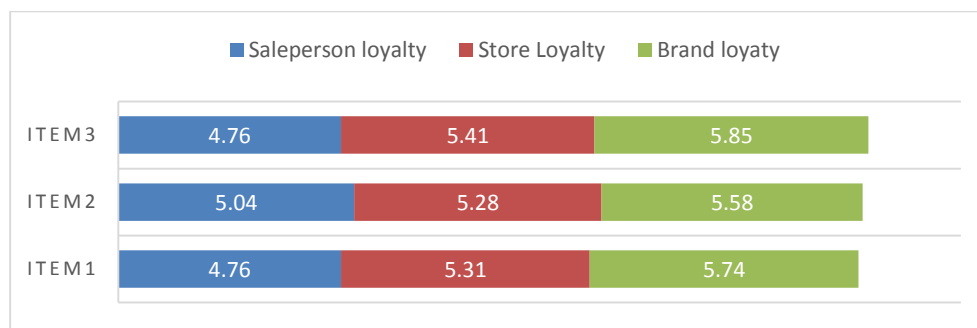


Figure 3.13 Arithmetic Mean for Loyalty to Salesperson, Retailer and Manufacturer

Source: Author's illustration, based on research results

### Exploratory Factor Analysis (EFA)

The total variance explained table produced by IBM-SPSS software indicated nine (9) factors solution based on that Eigenvalue value greater than 1.0 using “**Principle Component Method**” extraction with **Varimax rotation**. The factor structure explained 70.4 % of the total variance in the model.

Table 3.7

### KMO Measure of Sampling Adequacy and Bartlett's Test of Sphericity

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.955
Bartlett's Test of Sphericity	Approx. Chi-Square	17277.765
	Df	1128
	Sig.	.000

Source: Authors Illustration, based on survey results/SPSS output



By default factors, which have an Eigenvalue greater than 1 are retained as shown in a scree plot Fig 3.14

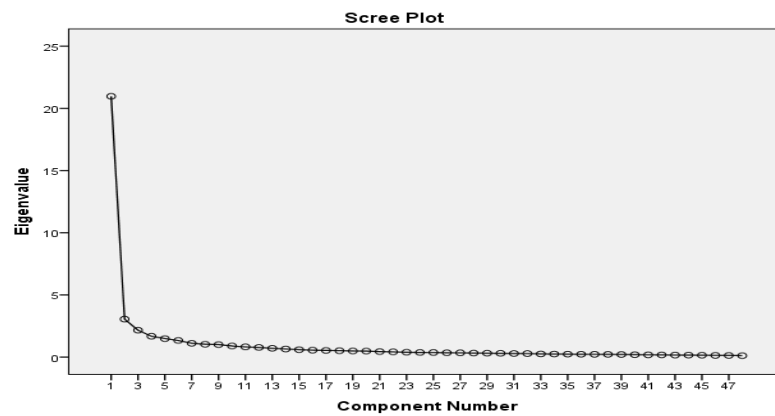


Figure 3.14 Factors Extraction-Scree Plot

*Source: Author's Illustration, based on SPSS output*

The Factor Matrix table shows the factor loading before rotation and in this case loading less than 0.5 was requested to suppress as a small coefficient. The main factor in the model is the “Services-Environment” which explains 43.67% of the total variance. The “Rotated Factor Matrix” presents the factor loading after rotation and provides the basis for interpretation of factors by forming a common theme among the items that load high on the same factor.

Table 3.8

Rotated Component Matrix

<b>Rotated Component Matrix<sup>a</sup></b>									
	Component								
	1	2	3	4	5	6	7	8	9
SE3 Store Environment	.801								
SE4 Store Environment	.759								
SE5 Store Environment	.727								
SE2 Store Environment	.692								
SS1 Store Services	.633								
SE1 Store Environment	.599								
SI1 Store Image	.558								
SI2 Store Image	.535								
SS2 Store Services	.528								
SS5 Store Services	.467								

SAT2 Satisfaction		.718							
SAT1 Satisfaction		.699							
SAT3 Satisfaction		.674							
ST1 Store Trust		.629							
SI3 Store Image		.610							
ST2 Store Trust		.592							
ST3 Store Trust		.561							
REC3Saleperson's Recommendation			.824						
REC2Saleperson's Recommendation			.784						
REC1Saleperson's Recommendation			.775						
SPL3 Saleperson Loyalty			.642						
SPL1 Saleperson Loyalty			.544		.				
SPL2 Saleperson Loyalty			.486						
SS3 Store Services				.693					
SC1 Store Competence				.684					
SC2 Store Competence				.643					
CSEL2 Consultative Selling				.551					
SS4 Store Services				.511					
CSEL1 Consultative Selling				.502					
SC3 Store Competence				.445					
RSEL2 Relational Selling					.777				
RSEL1 Relational Selling					.728				
RSEL3 Relational Selling					.515				
SA2 Store Assortment						.817			
SA3 Store Assortment						.772			
SA4 Store Assortment						.614			
SA1 Store Assortment						.483			
PBL3 Product Brand Loyalty							.769		
PBL1 Product Brand Loyalty							.762		
PBL2 Product Brand Loyalty							.733		
SL3 Store Loyalty								.787	
SL2 Store Loyalty								.633	
SL4 Store Loyalty								.626	

SL1 Store Loyalty								.518	
SP1 Store Price									.803
SP2 Store Price									.767
SP3 Store Price									.748
Extraction Method: Principal Component Analysis.									
Rotation Method: Varimax with Kaiser Normalization.									
a. Rotation converged in 8 iterations.									

*Source: Author's Illustration, based on SPSS output*

Cronbach's  $\alpha$  for each sub-scale was calculated to check the internal consistency between items as shown in Table 3.9. Cronbach's  $\alpha$  for the total scale was 0.972 which is also above .70 and it is a good range to proceed with the next level of analysis.

### **Confirmatory Factor Analysis (CFA)**

The values on the arrows between observed variables and latent variables show regression weight that is a standardized estimate-correlation between observed items. Whereas, unstandardized estimates give co-variance between two or more unobserved variables as in this case total of nine unobserved variables (see fig 3.15).

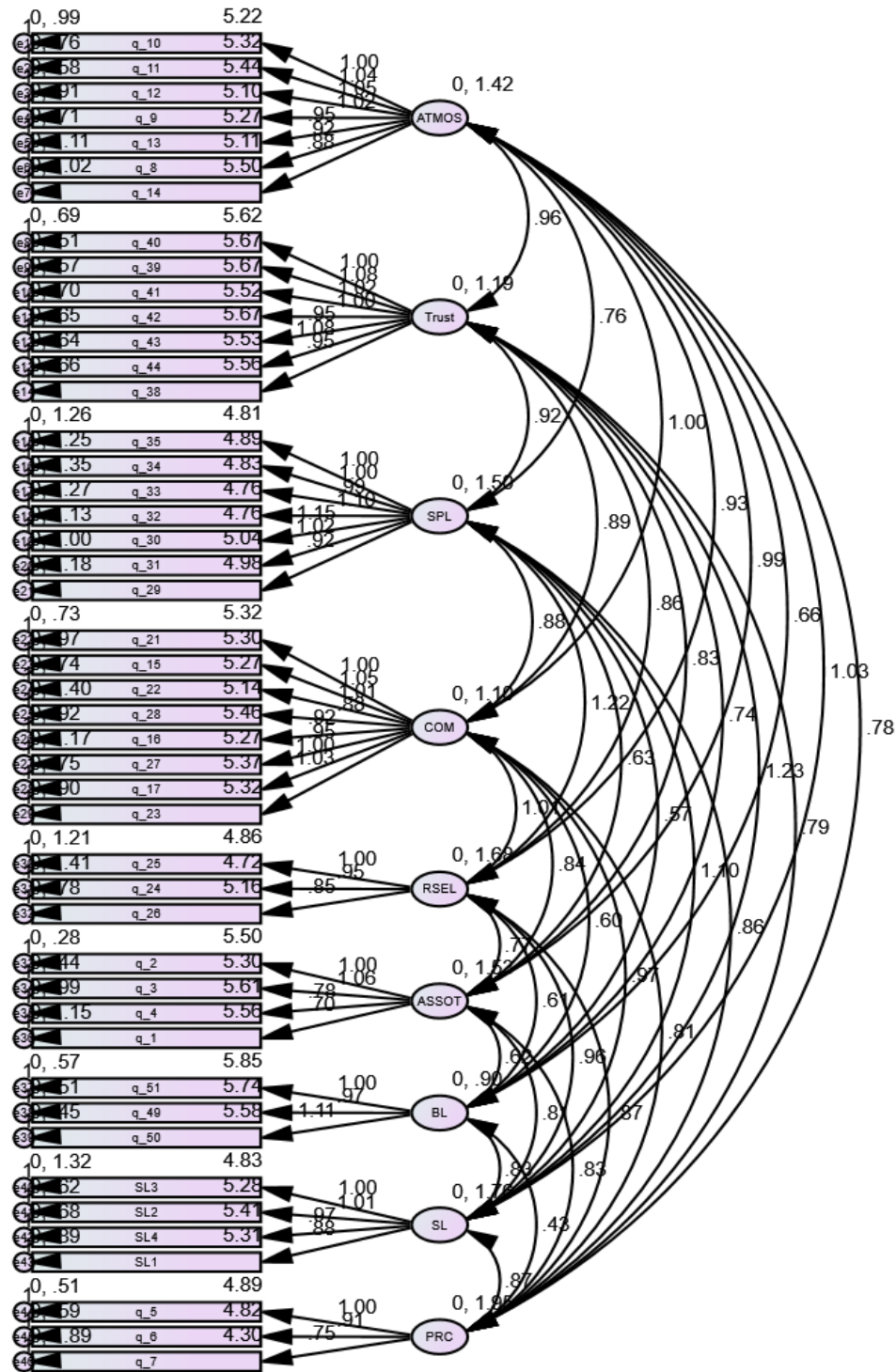


Figure 3.15 Confirmatory Factor Analysis

Source: Authors Illustration, based on AMOS-output

### Model Fitness

There are two types of checks, the *goodness of fit* indicator (CFI, GFI, IFI, NFI, and AGFI) and the *badness of fit* indicator (RMSEA, RMR), and their values are between 0 to 1. CFI above .80 (80%) is acceptable. As a thumb rule, if CMINDF value is less than 3.0, then all values will be good. Because Comparative Fit Index (CFI), Goodness-of-Fit Index (GFI) values are derived from it. In this case, the CMINDF value is 3.367, which is a good indicator for the model. Default model, CFI value is .858 which is below 90% but is also acceptable. RMSEA should not be more than 10% and in this case, it's.072, which meets the criteria. Table 3.12 shows Composite reliability (CR) of all constructs is higher than 0.7, which is acceptable. Average Variance Extracted (AVE) is also higher than 0.50, we have proper fit as in this case.

Table 3.12

#### Validity Analysis

	C R	AV E	MS V	MaxR( H)	ATM OS	Trus t	SPL	CO M	RSE L	ASS OT	BL	SL	PR C
ATM OS	0.91 7	0.614	0.647	0.922	<b>0.784</b>								
Trust	0.93 1	0.657	0.723	0.932	0.738** *	<b>0.811</b>							
SPL	0.89 6	0.552	0.626	0.901	0.527** *	0.694* **	<b>0.743</b>						
COM	0.89 9	0.528	0.647	0.905	0.805** *	0.776* **	0.676* **	<b>0.727</b>					
RSEL	0.75 0	0.505	0.629	0.789	0.666** *	0.656* **	0.791* **	0.793* **	<b>0.711</b>				
ASSO T	0.87 0	0.631	0.451	0.916	0.671** *	0.618* **	0.415* **	0.648* **	0.480* **	<b>0.795</b>			
BL	0.84 7	0.649	0.520	0.851	0.582** *	0.721* **	0.500* **	0.601* **	0.496* **	0.533* **	<b>0.806</b>		
SL	0.88 5	0.658	0.723	0.891	0.654** *	0.850* **	0.683* **	0.695* **	0.600* **	0.494* **	0.661* **	<b>0.811</b>	
PRC	0.83 3	0.630	0.297	0.877	0.470** *	0.518* **	0.504* **	0.545* **	0.514* **	0.482* **	0.326* **	0.469* **	<b>0.794</b>

Significance of Correlations:

† p < 0.100

\* p < 0.050

\*\* p < 0.010

\*\*\* p < 0.001

Source: Author's illustration based on AMOS-Output

## Multiple Linear Regression Modeling

**Independent Variables (IVs):** 1) *Assortment*, 2) *Price*, 3) *Environment-Services*, 4) *Competence-Consultative Selling*, 5) *Relational Selling Behaviour*, 6) *Salesperson Loyalty*.

**Dependent Variable (DV):** *Store Loyalty*.

### Checking the Quality of Model

Checking the quality of the model is performed in three steps as given below.

#### Step 1: R-Square Value

Model summary table 3.13 shows R-square .713 which means 71% of the variance in the dependent variable is explained by the model. In other words, .713 taken as a set, the predictors including *assortment*, *price*, *environment-services*, *competence-consulting*, *relational selling*, and *salesperson's loyalty* accounts for 71% variance in store loyalty. R-Square tells us that our model explains 71% of the variance on the dependent variable that is statistically significant (.000). The overall regression model was significant (sig .000) as illustrated by the equation.

#### Step 2: Overall Quality of Model

$$F(6, 456) = 188, p < .001, R\text{-Square} = .713$$

*F-ratio* is the statistical test of the model. The null hypothesis is  $\beta_1 = \beta_2 = \beta_3 = \dots + \beta_k = 0$  and the alternative hypothesis is that at least one of the variables  $\{\beta_1, \beta_2, \beta_3 \dots \beta_6\}$  is not zero. Under the null hypothesis that all coefficients are zero. F-statistic follows F-distribution with *k* and *n-k-1* degree of freedom. The large value of F is statistically significant as illustrated in the equation above. Since the *p-value* in ANOVA is .000 < than 0.01, So we can reject the null hypothesis (H<sub>0</sub>) and accept the alternate hypothesis (H<sub>1</sub>). It implies that means scores in SL are not equal among all six IVs.

#### Step3: Checking Regression Coefficients

The multiple regression model is more than two (k) explanatory variables (regressors) is

$$SL = \beta_0 + \beta_1 + \beta_2 + \beta_3 + \beta_4 + \beta_5 + \beta_6 + \epsilon_i$$

The regression coefficient  $\beta_0$  is the constant value of store loyalty when everything is zero. While  $\beta_1 + \beta_2 + \beta_3 + \beta_4 + \beta_5 + \beta_6$  are regression coefficient (slope) and E is random component.

$$\begin{aligned} SL &= \beta_0 + \beta_1 \text{ASSOT} + \beta_2 \text{PRC} + \beta_3 \text{ATMOS} + \beta_4 \text{COMP} + \beta_5 \text{RSEL} + \beta_6 \text{SPL} \\ SL &= .411 \quad -.068 \quad .040 \quad .419 \quad .527 \quad -.706 \quad .846 \\ SL &= (.000) \quad (.102) \quad (.206) \quad (.000) \quad (.000) \quad (.000) \quad (.000) \end{aligned}$$

Regressors in the model including ATMOS (*Environment-Service*), COMP (*Competence-Consultative Selling*), RESEL (*Relational Selling*) and SPL (*Salesperson's Loyalty*) are the only significant variables since their p-values are significant (.000). While ASSOT and PRC are non-significant predictors of SL. As far as the store merchandize and price variable are concerned, it is found that they no longer explain SL. By looking at the values of standardized coefficients, the most important predictor variable is SPL with beta .846 followed by RESEL with -.706, COMP with .527 and ATMOS .419 the least important explanatory variable.

All these variables have statistically significant ( $p < .001$ ) and have unique contributions to predicting outcome variable-SL. Since, the predictor variable SPL, COMP, RESEL and ATMOS are statistically significant and account for significant amount of unique variance in SL, which other variables do not explain. If the independent variable ATMOS (*Services Quality & Environment*) increase by one unit (services standard and comfortable atmosphere per customer interaction), then Store loyalty increases by .419 units from the range 1-100 or scale 1-7), *ceteris paribus*. So improving services quality and store atmosphere per customer visit in the store, result into increases SL. Similarly, if COMP (*Competence of Employee and Consultative Selling*) increases by one unit, SL increases by .527 units from the range 1-100 or scale 1-7, *ceteris paribus*. If RESEL (*Relational Selling*) increases by one unit, the SL decrease by -.706 units from the range 1-100 or scale 1- 7, *ceteris paribus*. It implies that relational selling behaviour does not have a positive direct impact on store loyalty. In order to improve the model, explanatory variable SPL (loyalty to a salesperson) is subject to remove because it is not the functional or psychological feature.

### **Improved Regression Model**

By running multiple linear regression by eliminating SPL, while keeping the other five IVs, the *R-Square* is .591 that explains almost 60% of the variance on the dependent variable and it is statistically significant (.000).

$$F(5, 457) = 132, p < .001, R \text{ Square} = .591$$

Consistent with the base model, COMP (competence) and ATMOS (Service-atmosphere) are the only significant variable since their p-values are significant (.000). While, ASSOT and PRC remains non-significant as their  $P > .001$  ( $P = .351, .008$ , respectively). RESEL (relational selling) also becomes a non-significant predictor of SL as its p-value is greater than .005 ( $p = .201$ ).

Table 3.15

Regression Coefficients for Linear Relationships (*Improved Model*)

Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.530	.208		2.554	.011		
	ASSOT	-.046	.049	-.043	-.933	.351	.418	2.394
	PRC	.101	.038	.104	2.676	.008	.587	1.703
	ATMOS	.269	.068	.245	3.984	.000	.236	4.233
	COMP	.551	.104	.441	5.316	.000	.130	7.686
	RSEL	.098	.076	.081	1.281	.201	.226	4.416

a. Dependent Variable: SL

Source: Author's Illustration, based on SPSS results

In conclusion, the means of all IVs in the regression model is not equal and we can reject the null hypothesis. ATMOS (Environment-Service Quality) and COMP (Competence-Consultative selling behaviour) are psychological or intangible attributes of retail stores with a significant impact on SL. Whereas, assortment and price are functional or tangible attributes of the retail stores, which have an insignificant impact on store loyalty. In addition, relational selling in comparison to consultative selling has a non-significant impact on store loyalty.

### Mediation Analysis

The study involves the mediating role of “Satisfaction-Trust” between IVs and DV. Mediation analysis tells us what leads to what? According to Baron and Kenny, *Full Mediation exists* if the independent variable effects on the dependent variable decreases (*Insignificant Beta Weight*) by involving mediator than direct effects. *Partial mediation* takes place if the Beta weight reduces than direct effects but remains significant. We use “Satisfaction-Trust” as a mediator between IVs (ATMOS and COMP) and DV (SL).



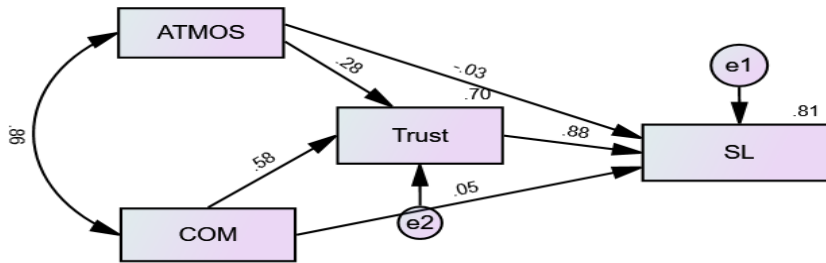


Figure 3.19 Mediation Model-A

Source: Authors Illustration, based on AMOS-results

Fig 3.19 illustrates the relationship between IVs and DV with mediating role of *Satisfaction-Trust*. The estimates Table 3.18 shows that independent variables (ATMOS and COMP) have an insignificant impact on dependent variable (SL), while the independent variable effects on the mediator (Trust) is significant and Trust effect on dependent (SL) is also significant. Thus results indicate that trust-satisfaction play full mediation role between store attributes and store loyalty.

Table 3.18

Mediation Model-A Regression Weights

		Estimate	S.E.	C.R.	P	Label
Trust	<--- COM	.608	.052	11.797	***	
Trust	<--- ATMOS	.261	.045	5.777	***	
SL	<--- ATMOS	-.028	.044	-.636	.525	
SL	<--- COM	.062	.056	1.111	.267	
SL	<--- Trust	1.052	.044	23.864	***	

Source: Author's calculations based on AMOS results

### Correlation between Loyalty to a) Salesperson, b) Retailer and c) Manufacturer

We use correlation to find the relationship between three levels of customer loyalty to a) *Salesperson*, b) *Retail Store* c) *Manufacturer*. The correlation coefficient between SPL and BL gives us a value of .561,  $p = .000$ . The relationship is strong if the value is close to 1, and in this case, the relationship is moderate as the value is .561. It implies that if customer loyalty to salespeople (SPL) increases, the other variable product brand loyalty (BL) will also increase. The correlation coefficient value is .733, sig .000 which means there is a strong positive correlation

between store loyalty and product brand loyalty. The relationship between variables is much stronger since the value is closer to 1 (.733). It implies that if store loyalty increases by one unit, product brand loyalty will also increase with the same magnitude. It is concluded that store loyalty enhances the brand equity of the manufacturer.

## 4. PROMOTIONAL WORK AND DEVELOPMENT OF RETAIL LOYALTY MODEL/MATRIXES

### 4.1 Retail Brand Equity Model (RBEM)

*Retail Brand Equity Model* (RBEM) or store loyalty Model (SLM) is the main outcome of this study and make a significant contribution to retail branding as shown in Fig 4.1.

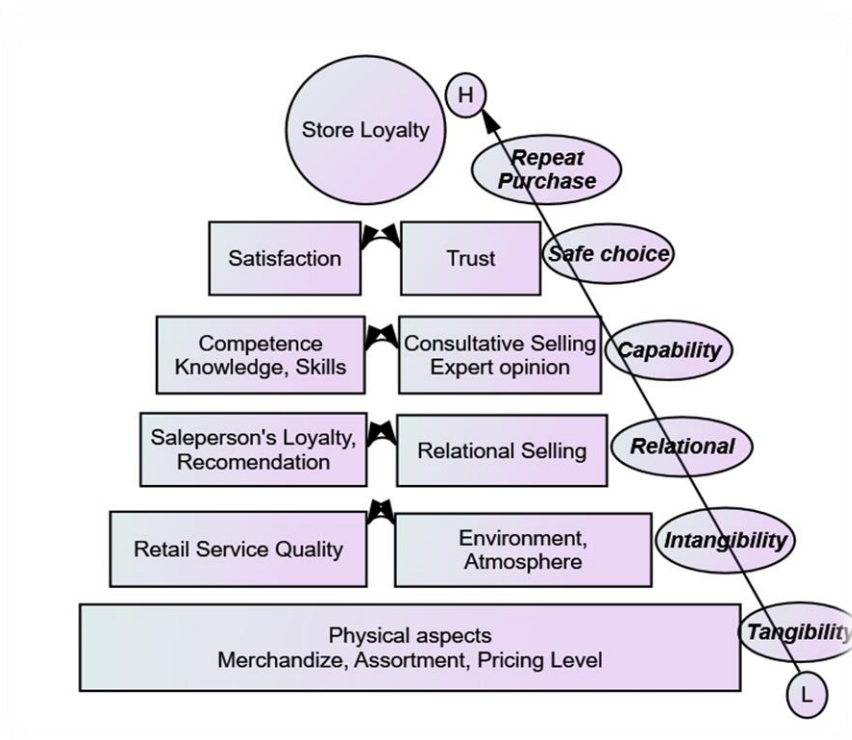


Figure 4.1 Retail Brand Equity Model (RBEM)

*Source: Author's illustration, based on research results.*

This model structure various store attributes/features in a ladder step to building a store brand. The model explains the process of building a strong retail brand rather than simply telling the effects of variables on store choice. The model encompasses key store attributes that serve as building blocks of retail brand equity. *The first step* in building store loyalty is the “tangibility” features of the store that constitute merchandise and price. Statistical results proved that physical attributes (*merchandise and price*) have a non-significant impact on customer choice of store. *The second stage* of the store loyalty model is “intangibility” which comprises services quality and store atmosphere. Both variables have a positive significant impact on customer choice of store and serve as true performance features that generate a source of brand differentiation. *The third stage* is about customer relationships building, which comprises relational selling behavior and recommendations & loyalty to the salesperson (SPL). The level explains customer-employee relationships and tends to influence consumer behavioral intentions.

*Stage four* of the RBEM incorporates components of retail brand personality and consultative selling behavior. Both variables have distinct features such as product knowledge, expertise in the field, efficiency, and acting like consultants to customers in their problem solving. *The fifth stage* is the generation of satisfaction and trust in customer response to marketing efforts of retail stores. *Brand trust* is a key factor explaining the process of loyalty. Brand trust reduces purchase risk and makes the customer’s decision a safer choice. In consequence, the customer feels more satisfied with store services and continues repeating business. At this stage customer, not only repeat purchases but also spread positive word of mouth and stay committed to the store even better options are available at competitor’s stores.

#### **4.2 Development of Store Loyalty Matrix**

Taking lead from previous RBEM model, we use the parameter of trust-satisfaction on the y-axis and loyalty on the x-axis to develop *Store Loyalty Matrix* (SLM) as shown in Fig 4.2. The SLM model gives various choices to retailers to assess their position using the matrix and take necessary actions for effective brand positioning. **No Loyalty** means customers do not see such big differentiation in the brand appeal of retail store. Retail stores are in the early stage of their life cycle and developing point of parity. The store offers similar products/brands and almost the same prices as others with no other differentiation.

Loyalty	High	<b>Multiple loyalty-growing stage</b> Invokes high emotions, sensory, sentiments & feelings High services quality & atmosphere but low competence and intellectual capability	<b>True Loyalty-Maturity stage</b> High, emotions, feelings, visuals & physical Integration of high services, atmosphere and Intellectual competence
	Low	<b>No loyalty-early stage</b> <b>Low brand appeal.</b> High physical but low service quality and no competence	<b>Spurious loyalty-Take off stage</b> Claims, but no real value High physical and
		Low	High
		Satisfaction-Trust	

Figure 4.2 Store Loyalty Matrix (SLM)

Source: Author's own creation based on theoretical and empirical findings

**Multiple or Divided Loyalty** in this scenario means customers can choose from a large number of retailers offering similar branded products easily available at stores. Customers have usually the habits to choose between different retail stores offering similar merchandise and services. **Spurious Loyalty** means customer satisfaction-trust is a high but low level of customer loyalty. Customer repeat purchases may be high; therefore it is the case of spurious loyalty. It suggests that customers may continue to buy at the store without actually being satisfied with the retailer. This is the take-off stage as soon as the business sets a new direction, gets momentum, and repositions its brand image. **True Loyalty refers** to activate true loyalty, it is necessary that customers must have high satisfaction and brand trust. It is easy to retain satisfied customers than a non-satisfied customer. True brand loyal customers are less price-sensitive and tend to pay a premium price. Brand trust and commitment are antecedents to brand loyalty and research prove that product involvement level directly influence consumers' commitment to the brand.

### 4.3 Retail Brand Positioning Matrix (RBPM)

The proposed matrix is 2x2 by design with four options that present the levels of “*tangibility*” on the X-axis, while “*selling behavior*” on the Y-axis as illustrated in Fig 4.3. The matrix explains four possible choices in which different retail channels/formats can be placed according to their position and necessary actions to take. The matrix helps understand the retail brand positioning strategy of different retail channels with possible suggestions/actions that has strategic implications in the respective quadrants. The combination of tangibility vs relational selling behavior is a scenario in which retailers can achieve a ***point of parity*** or category membership. These primary features give the store recognition in the market as the main player/service provider. Intangible features and a high level of employee-customer relationships, also called relational selling behavior to generate a ***point of differentiation***. Retailers in this quadrant are in the growth stage and have developed a reasonable level of customer services, the environment in addition to merchandise and pricing.

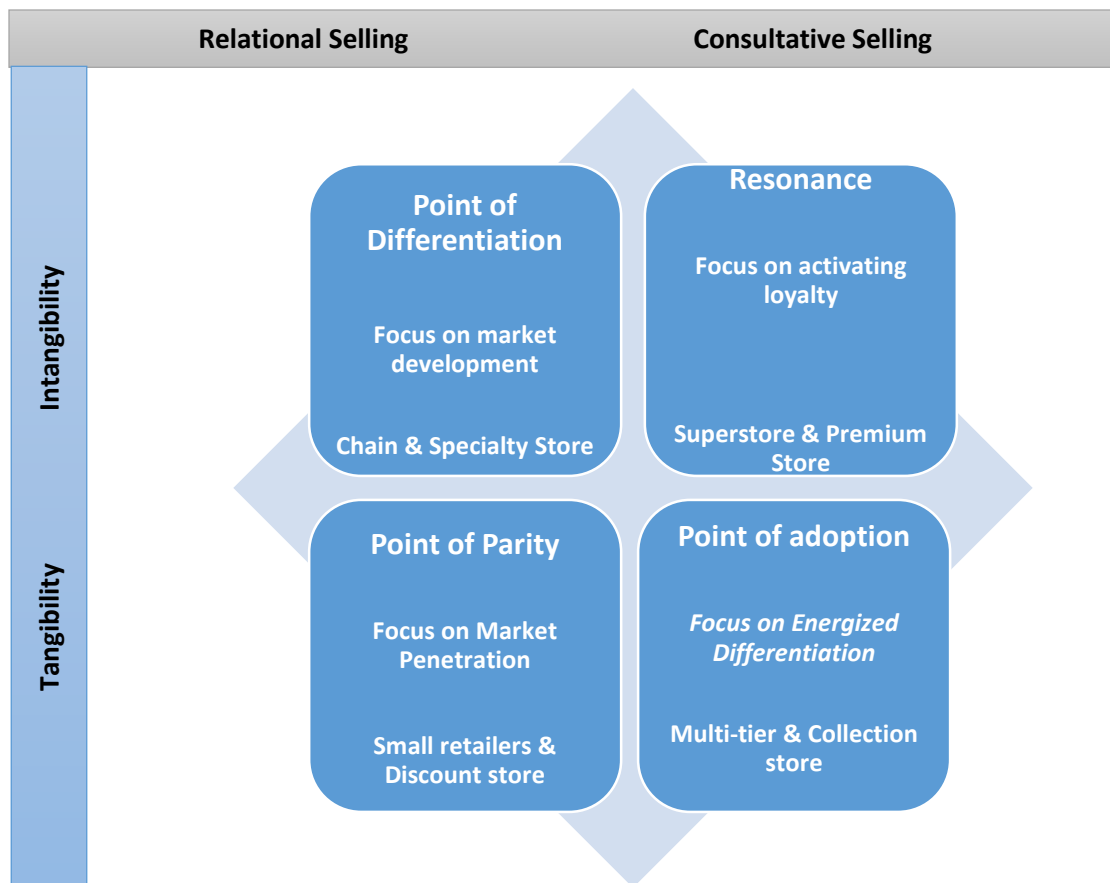


Figure 4.3 Retail Brand Positioning Matrix (RBPM)

Source: Author's own creation based on the theoretical and empirical results

**Energized Differentiation** is the scenario of high tangibility, low capability, and no relational efforts. Energized differentiation is the repositioning of the brand. In this scenario, a brand is seen as slightly different from competitors and captures the new brand's direction and momentum. The brand lacks on clear brand identity and has to set the right direction and competitive positioning for the brand. **Brand resonance** occurs with the combination of high intangibility, competence, and capability of the retail store. Retailers should integrate multiple features to develop customer trust-satisfaction, which are the antecedent of loyalty.

#### 4.4 Experts Evaluation of Loyalty Models

The experts commented that *Retail Brand Equity Model* is easy to use and provides guidelines for achieving true brand loyalty in the long run. The main feature of the model is **structural path** which explain relationship between stores attributes and store loyalty.

*“The model main characteristics is that it has “structural path modeling” which includes multiple related variables in the acquisition of satisfaction, trust and loyalty”*

Based on the expert evaluation of the model, the structure of the model has been simplified as illustrated in Fig 4.4.

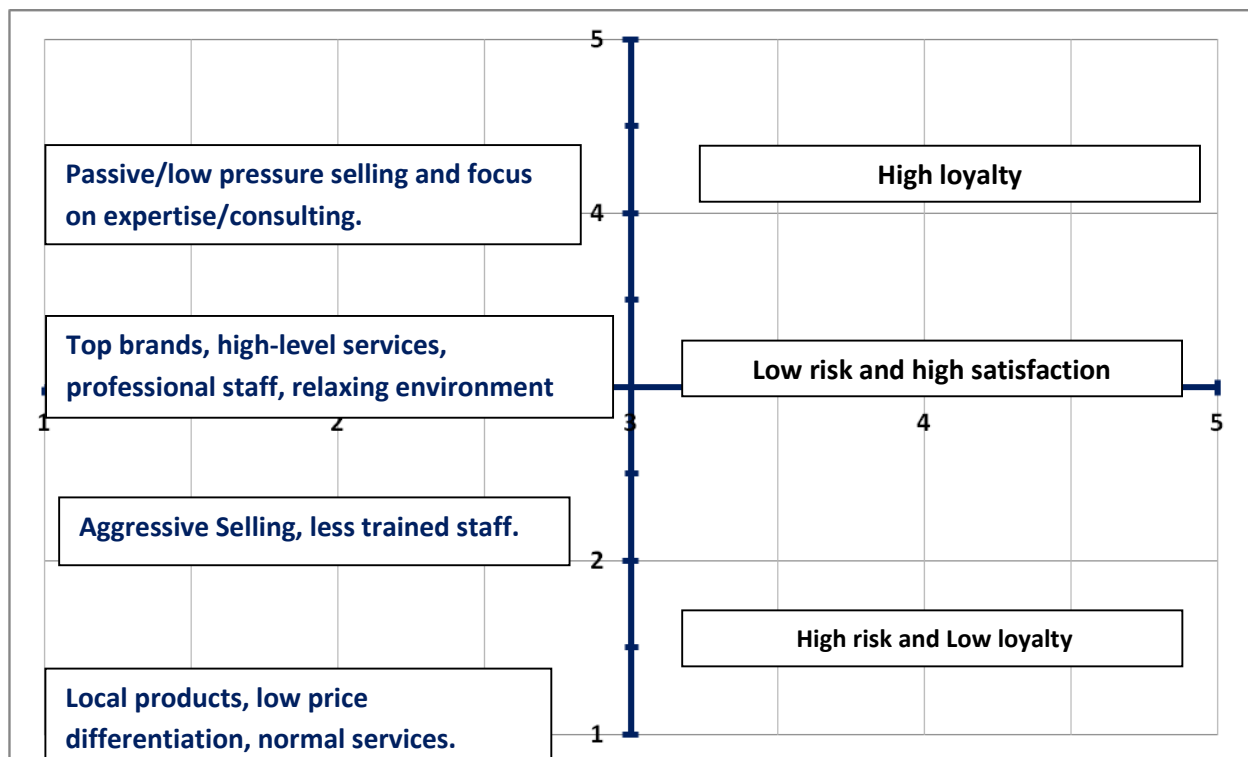


Fig 4.4 Evaluation on Retail Store Attributes Continuum

*Source: Author's illustration based on expert interview*

### **Conclusion**

Based on the theoretical background, empirical findings and novelty model proposed, following conclusions are drawn to increase the competitiveness of retailers in Pakistan.

1. Key drivers of retail brand loyalty are from modern retailing such as services innovation, quality services, unique store atmosphere, ambiance, retail brand personality, customer well-being & problem solving, consultative selling behaviors, customer satisfaction and brand trust. Consumer in Pakistan is also paying attention to intangible or psychological attributes which enhance customer shopping experience, value and satisfaction.
2. Psychological or intangible attributes of retail stores such as services quality, atmosphere, brand personality and competence selling plays a significant role in achieving store loyalty when buying high involvement products in the context of Pakistan. Whereas, store functional or tangible attributes such as price and merchandize are non-significant factors and they do not explain store loyalty in case of high involvement products in context of Pakistan. Functional or tangible attributes of store no longer provide source of competitive advantage and motivation for customers when buying consumer electronics. However, if the confidence interval (CI) was taken at 90% instead of 95%, *store price* becomes a significant factor, which is not the case for merchandize. It clearly reflects that retailers have to focus on intangible attributes to create brand differentiation.
3. Previous literature shows the significance of price and merchandize in customer choice of store, especially in grocery and clothing retailing but this is does not holds true in case of high felt purchase such as consumer electronics and home appliances. Hence, based on the empirical findings, it can be concluded that variables of store loyalty vary from product category and in this case tangible attributes contribute little to brand loyalty.
4. Empirical findings suggest that sales professionals using consultative task behavior can easily motivate customers to buy the product because it increases customer satisfaction, trust and loyalty intentions. In contrast, sales professionals using relational selling techniques can develop strong personal relationships and ties with customers. However, this approach does not create store loyalty automatically.

5. Customers value more to *intellectual experience* during purchase transaction rather than simply engaging in friendly or *emotional experience* when buying high involvement and expensive products. Retailers and sales professionals paying more attention on capabilities, skills and competence behaviour can achieve high level of brand loyalty. Relational selling behavior does not directly contribute to *store loyalty*; rather the variable first generates Loyalty to Salesperson and then retail store. However, relational selling has spillover effects on store loyalty and it is effective in building employee-customers relationships.
6. Using adoptive selling techniques depending on the situation and types of customers can be effective in creating relationships and brand loyalty intentions. Consultative or intellectual selling increase customer trust in the retailers, whereas, relational selling ease developing ties and relationships.
7. Empirical findings suggest that variable *Satisfaction and Trust* play fully mediates the relationship between store attributes and customer loyalty intentions. Store attributes does not automatically leads to store loyalty intentions, rather it go through customer satisfaction and trust. Hence, customer *satisfaction and brand trust* are the precondition for true brand loyalty to exist.
8. The empirical findings reveal that customer's holds higher level of brand loyalty to manufacturer than retailers or sale professional. Comparing customer loyalty level between salesperson, retail store and manufacturer indicates that customer maintain primary loyalty to manufacturer followed by retail store and salesperson respectively.
9. There is positive and strong correlation between store loyalty and product brand loyalty. The increase or decrease in one variable will have positive or negative effect on other as both variable moves in the same direction. In addition, loyalty to salesperson (SPL) and store loyalty also have strong positive correlation. This also implies that increase in SPL variable will have positive effects on store loyalty. However, SPL has a weak correlation with product brand loyalty (BL). This implies that if customer maintains primary loyalty to salesperson, then it does not have significant impact on product brand loyalty and vice versa. Although, retail brand equity (RBE) is much dependent on manufacturer's reputation and both have positive or negative influence on each other.
10. In relational selling, sale professionals are in better position to advice customers which product or brand to buy. Brand advocacy and recommendation behaviour by sales



professionals can moderately influence customer brand choice. Customers having close ties and relationships with sales professionals can easily accept the advice and product recommended by sales professional in case of high felt purchase to reduce purchase risk. Therefore, sales professionals influence consumer choice of brand through brand advocacy and recommendation behaviour.

11. The retail trade industry of Pakistan is going through transition phase and retailers are changing from traditional practices to modern retailing which demands more professional management of retail brand. Therefore, it is significant for retailers to focus on more relevant store attributes that create competitive position and brand loyalty.
12. The Retail industry of Pakistan is still dominated by unorganized and traditional retailers' however retailers of consumer electronics are comparatively modern and innovative including chain stores, company operated outlets, and superstore.
13. Customers have different perceptions and image of modern retail channels operating in Pakistan in terms of pricing policy, merchandize image, services quality, shopping convenience and atmosphere. Research findings show that *superstores* have more favorable image in terms of price *and merchandize* quality followed by *chains stores*. On the other hand, *company-operated outlets* and independent retailers are perceived as expensive and with limited stock and variety. It can be concluded that chain stores will have better prospects and performance for consumer electronics retailing in the country than other formats. Thus, modern retailing and innovative retail channels have growth potential in Pakistan as the country is going through transition and customers value experience, convenience and lifestyle over bargains and price hunting.
14. Gender satisfaction level with retail channels vary significantly in Pakistan, as male customers showed higher satisfaction with store pricing levels than female customers. Thus it can be comprehended that customer satisfaction and perception of store features is dependent on the gender and it vary from male to female.
15. Analysis of current situation and empirical findings reveals that retailers need psychological or intangible features for attracting and retaining customers. Developing retail brand mix should be aimed at increasing customer satisfaction and brand trust.
16. Retailers needs to segments customers based on their values, motivations, life style, demographics, income and gender in order to design sale strategies and product mix. High

income and educated class desire sophistication, high quality services and problem solving. Low income and middle class have high expectations in terms better prices, more variety, and extended services. Therefore, it is possible to assume that young and educated class in Pakistan will prefer soft, intangible or psychological features of retail store that enhance shopping convenience, experience, value and lifestyle. Both classes differ in education, income and value setting, therefore, high income and educated class is more oriented to convenience and modern shopping.

17. It is logical to conclude that retail brand equity is an important area of research and it has gained considerable attention of the researchers in the past as well. Theory of retail brand equity and retail brand or store loyalty includes several factors but the need is to consider the product category, culture and local context. According to this research, intangible or psychological type of store attributes and consultative selling behaviour of sale professionals are more effective in designing retail brand strategy.
18. The research findings prove the research hypothesis that psychological or intangible attributes of retail store are more effective in attracting and retaining customers than functional or tangible benefits. Further, research also proves that retailers/sales professionals do influence customer's choice of store through relational selling behaviour, brand advocacy and product recommendation in case of high involvement products in context of Pakistan.
19. Research novelty-Retail Brand Equity Model explains that customer brand loyalty increases as per the level of intangibility increase. Price and merchandize quality as a functional benefits do not provide source of competitive advantage, however, they are basic parameters for category membership in the mind of customers. The model also explains intangible aspects and intellectual capabilities on the top of pyramid generate customer satisfaction and trust that in turn leads to true brand loyalty.
20. Research novelty-Store Loyalty Framework explain different brand positioning options for retailers based on the level of Trust and Loyalty. Customers usually have divided loyalty between multiple retailers when trust level is low. It possible to generate higher brand loyalty by increasing the level of customer trust in retailer.
21. Research novelty-Retail Brand Positioning Matrix explain different options for brand positioning based on level of tangibility-intangibility vs relational and consultative selling.

The model explains retailers can achieve differentiation with high level of intangibility and relational selling behaviors. Retailers will have energized differentiation with high tangibility and consultative selling behaviour. To achieve high brand resonance, it is necessary to adopt consultative selling and intangible features of store.

22. The validation of research models from industry experts concluded that retailers offering local products, low price differentiation, normal services and aggressive selling carry higher purchase risk and customer do not trust them. In contrast, customer trusts only those retailers who offer top brands, professional staff, better services and low-pressure selling. Brand trust is the precondition for brand loyalty and multiple factors contributes to developing brand trust and satisfaction.
23. It is concluded that retail brand loyalty is highly dependent on psychological or intangible features than functional or tangible benefits when buying high involvement product in context of Pakistan. The retailing practices in the country have changed significantly and customers are giving importance to shopping experience, sophistication, well-being, value, and life style. Store intangible attributes such as services, store environment, competence personality and consultative selling behaviour play significant role in driving store loyalty. Satisfaction and trust are the precondition for brand loyalty to exist and play fully mediating role. However, it is also possible to conclude that drivers of store loyalty are not universal and their application in other categories such as low involvement products (e.g grocery) is hard to extend.

## **Recommendations**

### **For Retailers**

1. Store managers in Pakistan should focus on such attributes-psychological features (e.g services quality, atmosphere, competence, and consultative selling behaviour) that minimize customer purchase risk and enhance shopping experience, purchase value and satisfaction. Customer should trust the services of retailers so that can engage in long terms relationship and continue buying from them.
2. Retailers should differentiate between *order qualifying* and *order winning* attributes of retail store. Functional attributes (e.g price and merchandize) are order qualifying or category membership attributes that do not create store differentiation. In order to

achieve brand differentiation, retailers should focus on order winning attributes (intangible) that creates brand trust and store loyalty.

3. Store managers and retailers of consumer electronics should develop capabilities and skills in solving customer problems and aftersales services. They should invest resources and time to develop expertise in aftersales services so that customers can trust in retailers.
4. Retailers should hire professional staff and train them in selling skills, behaviors, customer orientation, customer relationships management and problem solving.
5. Retailers should introduce *information management systems* to segments customers according to their needs, motivations, income, class, education, lifestyle, shopping and spending patterns. It will allow retailers to correctly identify customers' needs, use adaptive selling and offering right solutions.
6. Retailers with high prestige image should use low pressure selling because it reduces customer risk and increase trustworthiness. They should also focus on convenience, intellectual experience, top quality products, and purchase value for high end customers and educated class. Whereas, for middle class, they should customize services and product range/assortments which offers best value, economy, relational benefits, and extra benefits and services (e.g extended warrantee and free home deliveries).
7. Salespersons should identify customer needs and adopt different selling behaviors such as customer orientation, relational selling and consultative task behaviour to satisfy the diverse needs of customers. Retailers can implement relational marketing programs through salesperson or staff by emphasizing key aspects such as interaction quality, friendliness, cooperation, honesty, integrity, benevolence, and trustworthiness. Special treatment and priority services are considered most important aspects of services quality, therefore, these aspect should be taken into account in Pakistan.
8. Store managers should identify store current position, life cycle and resources before developing retail brand strategy. Retail channels can use research novelty models proposed-Retail Brand Positioning Matrix for effective positioning of brand. For example, achieving *point of parity* first and then moving to *energized differentiation* and *point of differentiation*.

9. Store managers and sales professional should recognize that customers always maintain their primary loyalty to a manufacturer brand. Therefore, choosing top national brand can increase the image and reputation of retailers.
10. Brand advocacy by salesperson is only effective when store has top quality products, better services, and atmosphere. Hence, brand advocacy should be done only for trusted brands so that customer doesn't feel let down or under pressure in brand choice.

### **For Manufacturers**

1. Selling high involvement products (e.g consumer electronics) is much dependent on the choice of retail channels and relationships with them. Manufacturers should recognize the importance of retailers when designing sales and distribution strategy.
2. Manufacturer should be selective when choosing retail channels and only retailers with good reputation should be included in distribution network. Retailers with high prestige will have positive impact on perceived quality of product, and more likely customer purchase intention. Retailers' reputation and manufacturers' brand equity have positive impact on each other; therefore, the channel selection should be done in line with brand image. Retailers serve as *first touch point* of customer encounter with product and can significantly influence perception of product quality.
3. Manufacturer should pay high attention to improve the level of aftersales services by extending the cooperation and facilities, platform and other resources together with retailers. Retailers should be trusted and given some power to resolve customer problems at their own end rather passing on to company service centers which sometimes are not in the easy access of customers. It is recommended to empower retailers and decentralize aftersales services to quickly solve customer problems and give them peace of mind.
4. Manufactures should assist retailers in setting up technical support, help desk and also provide necessary training to salespersons for effective implementation of company policies and brand promotion.
5. Manufacturers should make sure a uniform and consistent pricing policy is being followed by all retailers and distribution channels to reduce the price hedging and price war. Implementing uniform pricing policy can promote healthy competition and protect small

retailers as well. Big retailers should be given a framework to limit the amount of discount as it has negative impact on quality signals as well as market competition.

6. Shopping is now more value driven and lifestyle based, therefore, manufacturer should introduce innovative features and products which fit with customer personality.

### **For Customers**

1. Customer relationships with a brand and buying habits are changing rapidly, so is the role of retailers and manufacturers. Customers should understand the role of retailers, salesperson and manufacturer when buying their favourite product. Customers have different level of expectations, loyalty and commitment to each entity in the distribution channels and then decide who can be trusted more to solve the problem.
2. Developing long term relationships with retailers can offer numerous benefits such as special offers, recognition, priority treatments and receiving special information.
3. Shopping and retail trading practices in Pakistan have become more than variety seeking, Price seeking and bargains as it used to be in the past. Instead it involves sophistication, convenience, emotions and relationships, intellectual experience and value driven shopping. Therefore, customers should think what they want from the shopping trip and the benefits they want from retailers and manufacturer. Effectively engaging and frequently communicating with retailers as well as manufacturer via online platform can help the customers to express their ideas and needs.
4. Customers' should recognize and accept the changing taking place in retailing such as online buying, card payments, loyalty programs, and customer information management to improve the competitiveness of retailers in Pakistan.
5. Customers should choose only those retailers offering top quality products and reliable services in order to reduce their purchase risk. Paying little extra price for dependable and reliable services can guarantee peace of mind and positive purchase experience.
6. Salesperson's recommendation should not be taken blindly and customers should consider other aspects such store reputation and services level. In relational selling, customers maintain their primary loyalty with salesperson which should not compromise product quality and brand recommendation should be accepted carefully.

7. It is important for customers to consider multiple factors when evaluating brand such as brand name, product quality, product features and benefits and after sale service. It can reduce customer risk and increase purchase satisfaction.

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