A STUDY ON THE INFLUENCING FACTORS OF CUSTOMER LOYALTY IN SUPERMARKETS: A CASE STUDY OF DENNIS

Jingjing Zhao [1*]

[1] Graduate school, Business Administration, Siam University

[*] **Corresponding Author, E-mail:** 1825748406@qq.com

Abstract: The retail industry plays an extremely important role in the global economic system, and the output value it creates occupies a very important position in a country's GDP, while the retail industry is also a key link in the troika that drives economic growth. However, in recent years, the development of the retail industry has faced some difficulties. In terms of industry conditions, the rapid rise of e-commerce platforms has had a huge impact on the physical operation of large supermarkets. From the consumer loyalty point of view, as China's residents continue to raise the level of consumption and access to information diversification channels, the consumer structure is also quietly changing, customers are no longer bound to a fixed store a store shopping, life diversification began to occupy the minds of consumers, personalized consumption has become a popular trend. But from the overall performance of consumers, by the impact of changes in the consumer structure, entity hypermarket customer loyalty declined year by year. It can be seen that how to adapt to the social and economic changes in large supermarkets to maintain customer loyalty to enhance market competitiveness is an urgent problem to be solved. This paper takes consumer behavior theory, S-O-R theory as the theoretical basis of this research, takes Zhengzhou Dennis Supermarket as the research object, and conducts a questionnaire survey on the customer groups of physical stores as the research sample. Construct the research model of customer loyalty influencing factors, pre-issued 320 questionnaires, this study uses SPSS25.0 to analyze the data with descriptive statistics, correlation analysis, regression analysis, etc., to verify the research hypotheses of this paper. Conclusions are drawn and targeted recommendations to improve customer loyalty in Dennis Supermarket are proposed.

Keywords: Customer Loyalty, Hypermarkets, Consumers, Enhancement Strategies

Introduction

The retail industry plays an extremely important role in the global economic system, and the output value it creates occupies a very important position in a country's GDP, while the retail industry is also a key link in the troika of pulling economic growth (Zhang, 2022). However, in recent years, the development of retail industry faces some difficulties. From the industry situation, the rapid rise of e-

commerce platforms has had a huge impact on the physical operation of large supermarkets, according to the statistical report on China's Internet development, as of December 2022, the number of Internet users in China was 1,067 million, with a network penetration rate of 75.6%, the scale of online shopping users reached 845 million, and online payment users reached 911 million, with a utilization rate of 79.2% (Jiang, 2023). From the consumer's point of view, around the eyeball consumption and experience economy ideas, break the original setup, reconstruct the scene and services, from the supermarket decoration design, color matching, lighting sound, line planning, product placement to the staff's speech and behavior, and even the humidity of the business premises and temperature control, etc., the use of experience before purchase of a new type of marketing strategy, consolidate the existing sources of customers, to expand the potential sources of customers, enhance customer loyalty, and nurture the customer groups with sustained consumption.

Customer groups with sustainable consumption. From the consumer loyalty point of view, as China's residents continue to raise the level of consumption and diversification of access to information channels, the consumption structure is quietly changing, customers are no longer stuck in a fixed store a store shopping, life diversification began to occupy the minds of consumers, personalized consumption has become a popular trend. Relevant research institutions on the consumption situation in the first half of 2023 compared with 2022 and 2019, the survey results show that office workers and other new middle class pay more attention to the quality of consumption, more rational consumer decision-making, more attention to cost-effective, more careful consideration of the demand point and demand matching before consumption, and higher requirements for goods, prices and services, at the same time, more sensitive to time, and more demand for short feedback cycles. increased demand for short feedback cycles (Wei, 2023). However, from the overall performance of consumers, affected by changes in the consumption structure, entity hypermarket customer loyalty declines year by year. It can be seen that how to adapt to the social and economic changes in large supermarkets to maintain customer loyalty to enhance market competitiveness is an urgent problem to be solved.

In order to comprehensively, systematically and scientifically study the enhancement of customer loyalty in hypermarkets, this paper connects theory with practice, therefore, this study takes Xuchang Dennis Supermarket as the research object, conducts questionnaire surveys on the customer groups of physical stores as the research samples, constructs a research model on the influence factors of customer loyalty, and carries out empirical analyses, according to which, it puts forward the countermeasures and suggestions for the enhancement of customer loyalty in hypermarkets.

Research Objectives

Analyzing the competitive situation of China's hypermarkets from the perspective of customer loyalty can provide an in-depth understanding of the current business situation and health level of

China's Daxin supermarkets, and then provide guidance for hypermarket enterprises to formulate effective business strategies, enhance market competitiveness and improve business performance.

The main purpose of this study is to construct a set of customer loyalty measurement scale and customer loyalty measurement analysis model suitable for large supermarkets with Dennis hypermarket in Zhengzhou City as a sample, and apply the constructed scale and model to conduct an empirical study on the customer loyalty status of Dennis hypermarkets, so as to understand the competitive situation of hypermarkets and to promote the development of China's retail industry.

1) Explore the effects of corporate image, service quality, switching costs and customer loyalty in Dennis Supermarket.

2) Propose targeted suggestions to improve customer loyalty in Dennis Supermarkets.

Literature Review

Customer Loyalty Concept

In terms of enhancing customer loyalty, in addition to the important influence of customer satisfaction on customer loyalty, customer trust and the use of technology have also received the attention of many scholars. In terms of the Internet, Anonymous (2010) found that trust is the key to establishing the credibility of a website, and did research on how to use the influence and reputation of a website to gain customer trust. In terms of technology, Ganguli (2011) investigated the influencing factors of technology in the dimension of banking service quality and found that the ease of use and reliability of technology have a significant impact on customer satisfaction and customer loyalty .Doshi (2016), after empirical research, concluded that productive firms can improve customer satisfaction by producing high quality products through improved manufacturing processes and standardized customization. Aleksander (2018) used neural networks to model customer loyalty in vehicle repair and maintenance services.Uzman (2022) used structural equation modeling to examine the effects of website quality, consumer satisfaction, and Internet word of mouth on online purchase intentions

In China, Lu (2005) first talked about the concept of service loyalty, then repurchase, and loyalty. Wu & Shi (2010) constructed a customer loyalty driving model for department stores based on the consumer's perspective and on the background of the experience economy, taking department stores as the object of study, and they argued that the establishment of customer loyalty is not determined by a few specific links, but depends on all the feelings of consumers in the whole process of shopping. According to Yang Hongru (2022), customer loyalty is the trust and emotional reliance of customers on a company's brand, and customers will have a tendency to choose the company's products, be interested in trying the company's new products, and recommend the company's brand to people around them, and accordingly, the company will provide loyal customers with relatively low-cost products and high-quality after-sales service.

Customer Loyalty Influencing Factors

Customer loyalty is the behavior of consumers who feel good about a company or brand and make repeat purchases.Joseph (2000) and others have evaluated a number of companies and the factors that can have a direct impact on customer loyalty are: perceived customer value and perceived service quality, and consumer satisfaction. Ribbink (2004) suggests that in the context of today's rapidly evolving Internet age, customer loyalty is of great importance to companies. The prerequisite for customer loyalty is a high level of satisfaction with the corresponding services provided by the company, and customer satisfaction and customer trust also have a certain impact on customer loyalty, so the company needs to improve the quality of the relevant services, from the three perspectives of ease of use, responsiveness, and customization, and then let the consumer feel satisfied to enhance loyalty. Hsin & Su (2009) argued that from the e-commerce platform to provide consumers with the layout of the web interface, ease of use and other aspects and let consumers get a sense of security to give customer loyalty a positive effect.

Lin & Yu (2019) tried to analyze the connection between online psychological experience, consumer matching and customer loyalty based on the online shopping context. Wen (2019) by analyzing consumer behavior and psychology, concluded that the factors affecting consumer's behavior and psychology are customer loyalty by customer value, customer satisfaction, transfer cost, and customer experience.

Tang & Dai et al. (2022) investigated consumer loyalty through two competing firms when both could offer consumers trade-in services for branded products. They developed a hotelling model to compare the different ways of discounting trade-in services between the two firms and obtained that when the market is partially covered by the trade-in market, there is no effect on customer loyalty either way. But when completely covering the trade-in market, loyalty instead shows a negative effect with the trade-in discount. Wang (2019) suggests that platform companies should pay attention to the service quality of merchants as well when improving their service level.

Li (2017) empirical study found that the diversity of perceived service quality in the restaurant industry affects customer perceptions, and responsiveness and assurance have a greater degree of influence in perceived service quality. Yen (2019) analyzed by collecting questionnaires from 261 of 12 hotels and got that the image of the hotel has a positive impact on customer loyalty.

Consumer Behavior Theory

Consumer behavior originates from classical economics, which is based on theories from economics, behavior, psychology, management and other disciplines, and has been developed for more than one hundred years. According to the American Marketing Association (AMA), consumer behavior is a dynamic and interactive process that involves the interaction of perception, cognition, behavior, and environment (Zheng, 2020). From the 1950s to the 1960s, Barry (1956) explored consumer

behavior from the perspective of consumer cognition, and the results of the study showed that the degree of consumer awareness of consumer products and services will have a certain impact on their purchasing behavior, and then combined consumer behavior with psychology to propose consumer motivation (Wang, 2023).

S-O-R Theory

S-O-R theory, i.e. "Stimulus-Organism-Response" theory model, is derived from "Input-Output" model, and later added the organism factor to Tolman's (1951) "Stimulus-Response" theory. "However, because this model ignores the inner state of consciousness of the stimulus receiver, the connection between the two is too direct and has certain limitations, so it focuses on the consumer to break the dilemma. Chen (2022) established a model of cell phone users' satisfaction with the interface design of mobile APPs based on the S-O-R theoretical model, and found that the style of interface design affects their continuous use behavior through customer satisfaction. In the research on consumer behavior in the context of the retail industry, factors such as product price and store environment are often studied as stimulus factors, while the organismic factors are mostly studied in terms of their own emotions, perceived risks, etc. The final response factors are mainly manifested in intrinsic or behavioral responses, with intrinsic responses manifesting the consumer's attitudes and willingness, while behavioral responses are manifested in the consumer's responses to both positive and backward stimuli. In the retail industry, scholars tend to take consumers' willingness to buy, purchase volume and so on as the response factors for related research.

The theoretical framework model of this paper is shown below:
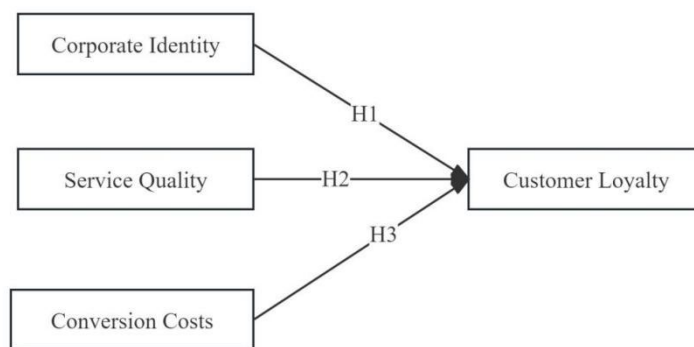
Picture 1: Conceptual framework diagram

The research hypotheses of this paper are as follows:

1) H1: There is a positive and significant relationship between corporate identity and customer loyalty in Dennis Supermarkets

2) H2: There is a positive and significant relationship between service quality and customer loyalty of Dennis Supermarkets

3) H3: There is a positive and significant relationship between conversion costs and customer loyalty in Dennis Supermarkets

Methodology

This study adopts quantitative research method to understand the customer loyalty of Dennis Supermarket through questionnaire survey. This paper summarizes the research by reviewing and organizing the literature on employee satisfaction, and designs the model diagram and research hypotheses of this study to provide theoretical support for this research. The purpose of this paper is to explore the relationship between Dennis Supermarket's corporate image, service quality, switching cost and customer loyalty. The scale source of this study refers to the research of various experts and scholars, so the questionnaire is used as the main tool of data collection for each dimension, and the questionnaire design refers to the literature and the questionnaires that have been prepared by experts and scholars, and is modified according to the characteristics of this study. The questionnaire items were based on a five-point Likert scale."Strongly agree", "Comparatively agree", "Not sure", "Don't really agree", "Strongly Disagree" was used as a measurement option, and different scores were given to each level according to the tendency of the statement. Strongly agree to strongly disagree scores ranged from 5 to 1. The data were analyzed using SPSS software.

A total of 380 electronic questionnaires were sent out, and 13 invalid questionnaires, such as incomplete and double-checked questionnaires, were deleted, and 367 valid questionnaires were actually recovered, with a 96.58% validity rate of questionnaire recovery, which can be used as a source of information for analyzing the data and verifying whether the hypothesized causal relationship between the variables is established or not.

Results

1) Descriptive statistical analysis

Through the data results in Table 1, we can analyze that the total number of male test subjects is 247, accounting for 67.30%, and the total number of female test subjects is 120, accounting for 32.70%, and the proportion of male subjects in this questionnaire is higher. The age group of 18-30 years old accounted for the largest proportion of 46%, followed by the age group of 31-40 years old with a proportion of 29.70%, and the total proportion of the two was 75.7%. In terms of marital status, married people accounted for the largest proportion, 74.90%, while unmarried people accounted for 27.10%. In terms of occupation, 49% of the staff were engaged in teaching enterprises, 25.30% in institutions, 10.90% in students, 10.40% in self-employed or freelancers and 4.40% in other occupations. In terms of income, 37.9% of the subjects earned between 3001-6000 yuan, 22.90% earned between 6001-8000 yuan, and 14.70% earned between 1500-3000 yuan. There are 11.40% of the

subjects earn more than 8,000 yuan, and the percentage of subjects earning less than 1,500 yuan is 13.10%. In terms of education, the subjects' education level was mainly college and below, accounting for 47.10%, the proportion of bachelor's degree was 39%, the proportion of postgraduate students was 9.80%, and the proportion of postgraduate students and above was 4.1%, as shown in Table 1.

Table 1: Descriptive statistical analysis

Variables	Options	Frequency	Percentage
Gender	Male	247	67.30
	Female	120	32.70
Age	Under 18 years old	14	3.80
	18-30 years old	169	46.00
	31-40 years old	109	29.70
	41-50 years old	60	16.30
	Above 51 years old	15	4.10
Marital status	Unmarried	92	25.10
	Married	275	74.90
Occupation	Students	40	10.90
	Enterprise personnel	180	49.00
	Institution personnel	93	25.30
	Self-employed/freelancers	38	10.40
	Others	16	4.40
Educational level	College and below	173	47.10
	Undergraduate	143	39.00
	Graduate students	36	9.80
	Graduate students and above	15	4.10
Monthly disposable personal income	Less than 1500 yuan	48	13.10
	1500-3000 yuan	54	14.70
	3001-6000 yuan	139	37.90
	6001-8000 yuan	84	22.90
	Above 8001	42	11.40

2) Validity testing

The degree of validity of validity reflects the degree of agreement between the results of the test data and the content of the examination, the higher the agreement, the higher the validity, the lower the agreement, the lower the validity. In this validity analysis, KMO test and Bartlett's sphere test are used to test the sample data. KMO takes the value between 0-1 and is used to test the partial correlation between variables. If the KMO is closer to 1 or greater than 0.9, it means that the validity of the survey data is very high; if the KMO value is between 0.7-0.9, it means that the survey data is more valid; if the KMO value is between 0.5-0.7, it means that the survey data is barely valid; and if the KM0 value is less than 0.5, it means that the data is not valid. From Table 2, the KMO value is 0.917 and the KMO value is greater than 0.9, which indicates that the current data sample has a strong validity.

Table 2: Validity testing

KMO and Bartlett's test		
KMO Number of Sampling Suitability Measures.		0.917
Bartlett's test of sphericity	Approximate cardinality	2525.866
	Degrees of freedom	136
	Significance	0.000

3) Correlation analysis

As a prerequisite for regression analysis, correlation analysis is mainly used to determine the correlation between variables, and in this section, Pearson correlation analysis will be carried out for three variables. The correlation analysis of corporate image, service quality, switching cost and customer loyalty, the results are shown in Table 3. The positive correlation between the three independent variables two by two is significant, and the correlation coefficient is higher than 0.40, there is a significant positive correlation between the independent variables and dependent variables in this study.

Table 3: Correlation analysis

		conversion costs	service quality	corporate identity	customer loyalty
conversion costs	Pearson's correlation	1			
service quality	Pearson's correlation	.431**	1		
corporate identity	Pearson's correlation	.456**	.464**	1	
customer loyalty	Pearson's correlation	.447**	.544**	.507**	1
** Significant correlation at the 0.01 level (two-tailed).					

4) Regression analysis

Corporate image, service quality, conversion cost factors as independent variables, customer loyalty as the dependent variable for regression analysis, the specific results are shown in Table 3. As can be seen from the table, corporate image, service quality, conversion cost P value is less than 0.05, indicating that the model is valid. Therefore, there is a significant positive effect of corporate image, service quality, switching cost and customer loyalty. Research hypotheses H1, H2 and H3 are validly verified.

Table 4: Regression analysis

	B	SE	Beta	T	P
(Constant)	1.485	0.549		2.705	0.007
conversion costs	0.117	0.031	0.178	3.748	0.000
service quality	0.226	0.031	0.343	7.193	0.000
corporate identity	0.208	0.038	0.266	5.498	0.000
R^2	0.401				
Adjusted R^2	0.396				
F	81.093				
a Dependent variable: customer loyalty					

Discussion

This study takes Dennis hypermarket as the research object, takes customer loyalty theory as the guidance, takes SPSS25.0 as the analysis tool, and constructs the customer loyalty model of Dennis hypermarket. Combined with the actual situation of Dennis hypermarkets to design a questionnaire, in a small range of small samples on the basis of the initial test, the initial test data analysis, to determine the content of the formal questionnaire. Through the empirical study of the formal questionnaire data, targeted countermeasures and revelations to improve customer loyalty in Dennis hypermarkets are proposed.

The model construction and data analysis of this study not only help to promote and deepen the research on the theory of customer satisfaction and influencing factors, but also make the theory of customer satisfaction of hypermarkets in China's localized research from the connotation to the extension of the theory is richer, and has a certain theoretical value. It can promote the in-depth study of customer satisfaction of supermarket enterprises in chain operation and enrich the theory of management strategy of supermarket enterprises.

Conclusions

1). Improving the quality of one's own services

First of all, the hypermarket managers, to track the development of new trends in the industry, new technologies, new equipment, in order to update the service venues, service equipment; at the same time, to strengthen the construction of the hypermarket system, so that there must be compliance, violation of the rules must be punished, and rewards and penalties are clearly distinguishable. Secondly, for the staff of hypermarkets, we must establish the service concept of putting customers first, and internalize the service concept in the heart, externalized in the line; strive to improve their professionalism, moral quality and various capabilities in order to meet the needs of new and old customers, to provide them with better service.

2). Enhancement of the company's own image

Corporate image of the customer's purchasing behavior has a subtle implied role, in which business leaders play an important role in demonstrating, leading, therefore, the leadership of large supermarkets should lead by example to drive the supermarket staff to improve the quality and quality. In addition, through the creation or maintenance of the product brand, in the industry or even cross-industry to expand brand awareness, increase publicity, and their own products related to the stars or Netflix endorsement, advertising on television, the Internet, outdoor media, will also be conducive to promoting the enhancement of corporate image!

3). Increase customer switching costs

Large supermarkets must have long-term planning, attentive to each customer as a long-term

customer to treat, firmly establish the retention of an old customer is to obtain a new customer marketing concept, so that customers have feelings for the enterprise, not easily changed. In addition, you can apply for a membership card in the form of members to provide preferential prices as well as reflect the customer's personality of the product or service, to increase customer adhesion can also be in the member's birthday or other important holidays, anniversaries, etc. by sending text messages or emails and other forms of congratulations, as a link to increase the sense of ceremony, to maintain the relationship between the two sides.

References

Aleksander, L., Paweł, A. K., Małgorzata, A. L., & Longwic, R. (2018). Using neural networks in modeling customer loyalty in passenger cars maintenance and repair services. *Applied Sciences*, 8(5), 123-137.

Anonymous. (2010). Research and Markets: Trust Agents: Using the web to build influence, improve reputation, and earn trust explores how business people can use the web's new social software tools. *M2 Press wire*. Retrieved from https://www.researchandmarkets.com/reports/1234567

Chen, X. M. (2022). A study on the impact of multi-channel retail service quality on customer loyalty in host countries (Master's thesis). Inner Mongolia University of Finance and Economics. Retrieved from https://example.com/thesis/1234

Gui, Y. J. (2023). Research on the impact of commercial bank service quality on customer loyalty in the context of digitalization (Master's thesis). Southwestern University of Finance and Economics. Retrieved from https://example.com/thesis/5678

Hsin, H. C., & Su, W. C. (2009). Consumer perception of interface quality, security, and loyalty in electronic commerce. *Information & Management*, 46(7), 411-417.

Jiang, C. J. (2023). A study on enterprise value assessment of e-commerce platform based on improved CVBC model (Master's thesis). Zhejiang University of Finance and Economics. Retrieved from https://example.com/thesis/9101

Jigar, A., Doshi, D., & Desai, A. (2016). Role of production part approval process in continuous quality improvement and customer satisfaction. *International Journal of Engineering Research in Africa*, 22, 174-183.

Joseph, C., Michael, K. B., & Tomas, M. H. (2000). Assessing the effects of quality, value, and customer satisfaction on consumer behavioral intentions in service environments. *Journal of Retailing*, 76(2), 193-218.

Li, H. (2017). An empirical study on the relationship between customer perceived service quality and customer satisfaction and customer loyalty in the restaurant industry. *Journal of Pu'er College*, 33(1), 39-42.

Lin, Y., & Yu, S. S. (2019). Online heart flow experience, customer fit and brand loyalty-based on online shopping VR perspective. *Economy and Management*, 33(6), 44-49.

Lu, J. (2005). Research on the drivers of service loyalty: A review and conceptualization. *Economic Science*, 3, 108-119.

Ribbink, D., & Van, R. A. C. R. (2014). Comfort your online customer: Quality, trust, and loyalty on the Internet. *Journal of Service Theory and Practice*, 14(6), 446-456.

Saleem, U., Yi, S., Bilal, M., Topor, D. I., & Căpușneanu, S. (2022). The impact of website quality on customer satisfaction and eWOM in online purchase intention: The moderating role of gender in risk-taking. *Frontiers in Psychology*, 13, 1749.

Shirshendu, G., & Roy, S. K. (2011). Generic technology-based service quality dimensions in banking. *International Journal of Bank Marketing*, 29(2), 168-189.

Tang, F., Dai, Y., & Ma, Z. (2023). Competitive firms' trade-in strategies considering customer loyalty. *China Management Science*, 1-14.

Wang, B. C., Zhao, J. Y., & Yang, Z. H. (2023). A study on consumer identification path in the context of social new retail business model. *Management Review*, 8, 198-208.

Wang, L. X. (2019). Empirical evidence of customer satisfaction in platform enterprises based on improved structural equation modeling. *Statistics and Decision Making*, 35(9), 174-177.

Wei, Q. (2023). Research on marketing strategy of JIA Culture and Media Company (Master's thesis). Jilin University. Retrieved from https://example.com/thesis/1121

Wen, M. C. (2019). The value of customer interface on customer loyalty from service quality. *Modern Management Science*, 12, 84-86.

Wu, S., & Shi, L. (2010). Customer loyalty modeling in department stores under the experience economy model. *Contemporary Finance*, 7, 63-70.

Yan, S. (2013). Empirical research on the influence of hotel image on customer loyalty (Master's thesis). Hunan University. Retrieved from https://example.com/thesis/1134

Yang, H. R. (2022). Research on the impact of experience marketing on customer loyalty in e-commerce environment. *Mall Presentation*, 977(20), 13-15.

Yang, J. L. (2015). Exploring the problems and strategies of customer loyalty management in Jumei Youpin. *Industry and Technology Forum*, 20, 212-214.

Zhang, D. C. (2022). Research on the influencing factors of customer satisfaction in Taicang D Supermarket (Master's thesis). Northeast Agricultural University. Retrieved from https://example.com/thesis/1167

Zheng, P. Y. (2020). A review of domestic and international consumer behavior research. *Value Engineering*, 16, 253-257