

PRICE AND QUALITY VALUE INFLUENCES ON DISCOUNT RETAIL CUSTOMER SATISFACTION AND LOYALTY

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ABSTRACT

Discount retailing represents a substantial proportion of the U.S. retail sector; however, it is increasingly challenged by both online and other new retail entrant forms. This changing discount retail market makes it increasingly important to understand how customer value is created and how this in turn influences satisfaction and loyalty. Because of the unique nature of discount retailing the extant research on these topics may not apply to this retail sector. Based on this need, this paper reports research on how customer perceived price and quality value obtained in the discount retailing shopping experience influence store and service satisfaction and subsequent customer loyalty. The research is based on a sample of 308 Wal-Mart and Target customers. Partial least squares structural equation models were used to test the hypotheses and were also used to assess the role that gender and store brand play as moderators in the research framework. The research provides discount retail managers with important evidence on the specific dimensions of value and satisfaction that influence customer loyalty that runs contrary to the general literature not specific to discount retailing. Interestingly, price value was not found to be related to store or service satisfaction suggesting that discount retail customers may anticipate low prices and therefore they do not serve as a driver of satisfaction. Another finding that was

contrary to the literature was that service satisfaction did not influence customer loyalty as an elevated level of customer service may not be a requirement for discount retail shoppers.

Keywords - *Customer loyalty, retail, satisfaction, value.*

INTRODUCTION

Discount retailing is characterized by fierce and ever-changing price competition with sales accounting for 12.5 percent of all retail sales in the U.S. (Farfan 2016; Green 2017). Given the size and competitive nature of this industry it is important for managers to understand the full scope of the determinants of customer loyalty. The literature indicates that perceived value serves as an antecedent to satisfaction and loyalty (Gallarza and Gil-Saura 2006; Kumar, Pozza, and Ganesh 2013). It is also reported that satisfaction is a primary driver of customer loyalty (Anderson and Mittal 2000; Gallarza, Ruiz-Molina, and Gil-Saura 2016). Due to the unique nature of discount retailing, the extant research on these topics may not apply to customer experiences in this type of store setting. The present study contributes to the existing literature by examining these relationships in the discount retail industry.

In addition to the contribution made through the extension of previous research to the discount retail industry, a second contribution is made. Limited research has been reported that examines the interplay between the multiple dimensions of value and satisfaction and their influence on

customer loyalty. Based on this need, the present research also contributes to the literature by examining the multiple dimensions of both value and satisfaction and their influence on loyalty. In this research, value is measured on *price value* and *quality value* (Sweeney and Soutar 2001; Zeithaml 1988). Customer satisfaction is also measured in two dimensions, *store satisfaction* which contains physical elements related to the store including the merchandise that is sold, and *service satisfaction* that relates to the customer's experience with store personnel and the customer service that they receive from them (Dabholkar, Thorpe, and Rentz 1996; Mittal, Kumar, and Tsiros 1999; Walsh, Evanschitzky, and Wunderlich 2008).

LITERATURE REVIEW

The discount retailing industry is being increasingly challenged by new entrants, including both online retailers as well as new forms of brick and mortar entrants (Dubas, Hershey, and Dubas 2015, Green 2017). Discount retail competition has increased as mega online retailer Amazon added brick and mortar operations by acquiring Whole Foods (Green 2017). In addition to large competitive entrants, there are increasingly small discount stores in the industry such as Dollar General and those focusing on grocery products such as Aldi and Sprouts. These stores have successfully attracted customers who seek competitively priced, high quality products as well as convenience. (Courtemanche, and Carden 2014; Zwiebach 2015). In response to competition from smaller grocery stores, larger discount retail stores such as Wal-Mart are focusing on lowering the price of their products (Springer 2016). In some cases, the focus on cost reduction has reportedly caused a loss in customer satisfaction compared to new entrants such as Aldi (Zwiebach 2015). The turbulence in the discount retail industry has

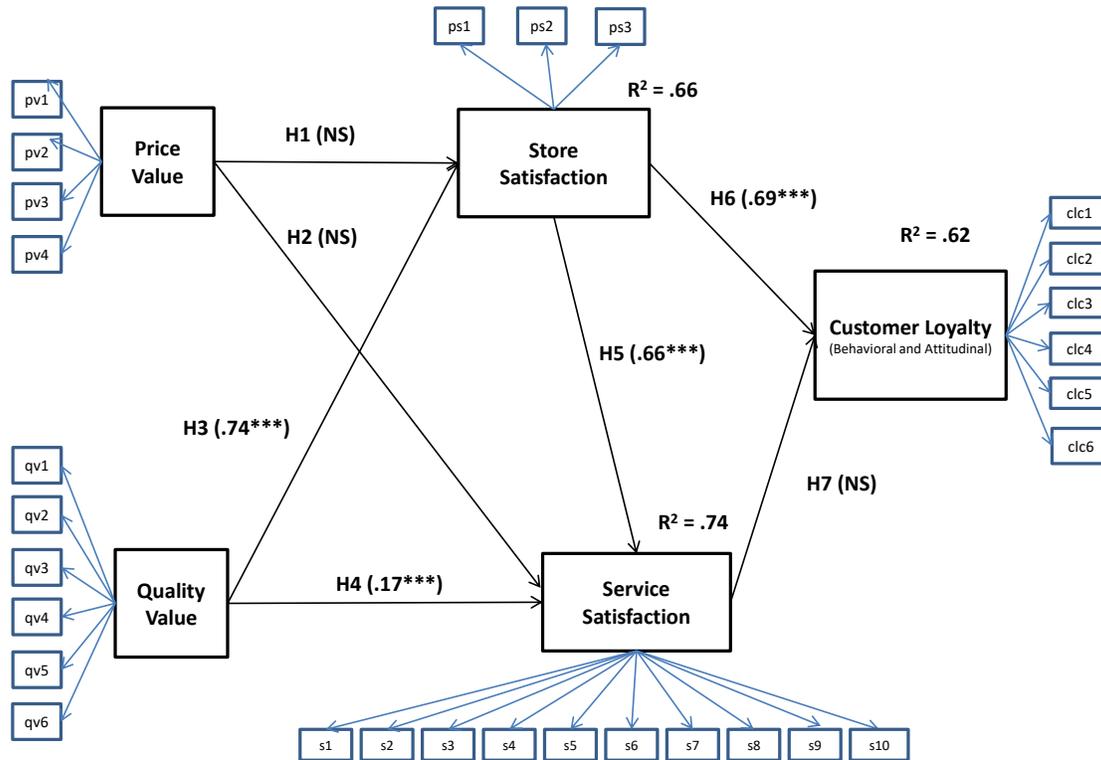
furthered the need to understand the nature of the value-satisfaction-loyalty relationship in this industry (Anselmsson and Johansson 2014).

In the present research price value and quality value are hypothesized to be antecedents of store and service satisfaction in the discount retail industry. Loyalty is then hypothesized to be an outcome of store and service satisfaction. In the following sections of the paper the literature is first presented on the multiple dimensions of perceived value (price value and quality value). The multiple dimensions of satisfaction (store satisfaction and service satisfaction), and loyalty are then discussed. Hypotheses are suggested and the research framework that reflects this review is seen in Figure 1.

Perceived value

Perceived value is the outcome of an evaluative judgement that influences customer attitudes and ultimately customer loyalty (Sánchez-Fernández and Iniesta-Bonillo 2006; Ruiz-Molina and Gil-Saura 2008). It has also been shown that satisfaction is a significant mediating variable in the perceived value and customer loyalty relationship (Gallarza and Gil-Saura 2006; Srivastava and Rai 2013; Yang and Peterson 2004). For this reason, the present research tests the multiple dimensions of value as antecedents to the dimensions of satisfaction rather than as a direct influencer on loyalty. The notion of value that is used in this paper refers to a judgment of preference by consumers (Chen and Quester 2006; Taylor 1973). This includes monetary/attribute and non-monetary/experiential values (Hartman 1967; Holbrook and Hirschman 1982; Sánchez-Fernández and Iniesta-Bonillo 2007; Zeithaml 1988). It has been noted that perceived value is often a joint consideration of quality and price value

Figure 1
Research Framework and Results



**significant at the .01 level.

(Cravens et al. 1988; Dodds and Monroe 1985; Zeithaml 1988). These two dimensions of perceived value are considered independently for the purposes of this study (Osgood, Suci, and Tannenbaum 1957; Sweeney and Soutar 2001)

Price value represents the role that price plays in the formation of consumer value (Sánchez-Fernández and Iniesta-Bonillo 2007). It results from the reduction of perceived short and long-term costs (Sweeney and Soutar 2001). Customers who place an emphasis on price value may exhibit shopping behavior that seeks the best economic value for a product or service.

These consumers may be meticulous in their shopping efforts making comparisons between various goods as they search for low prices (Sproles and Kendall 1986). Customers concerned with price value pursue utility based on the evaluation of benefits they receive minus the cost that they pay (Tang, Bell, and Ho 2001). Price value may vary based upon the types of products being sold. For example, grocery store retailers can be perceived as having more reasonably priced products when compared to clothing, electronics, and furniture retailers (Ruiz-Molina and Gil-Saura 2008). In the context of discount retailing it would follow that

customers seek and most likely receive price value.

Quality value represents the contribution that quality provides to the formation of overall consumer value (Sánchez-Fernández and Iniesta-Bonillo 2007). Quality value relates the overall performance of a product or service (Sweeney and Soutar 2001) and is considered a sub-component of overall value (Holbrook 1994; Sweeney and Soutar 2001). Quality involves dimensions related to both product and service (Guajardo, Cohen, and Netessine 2015) and represents the customer's perception of the product's cumulative excellence (Zeithaml 1988). Perceived quality is representative of customer's evaluation following a purchase, and it is personal, contextual, and subjective (Sánchez-Fernández and Iniesta-Bonillo 2007; Zeithaml 1988). Perceived quality is compared to quality expectations resulting in disconfirmation that influences satisfaction judgements (Olshavsky and Kumar 2001). It would appear that this perceived quality value process exists in a discount retailing environment, however to what extent it influences satisfaction is unknown.

Satisfaction and loyalty

The literature indicates that customer satisfaction is a predictor of customer loyalty (Dahl and Peltier 2015; Pleshko and Baqer 2008; Picón, Castro, and Roldán 2014; Szymanski and Henard 2001; Trif 2013), and also mediates the relationship between value and loyalty (Patterson and Spreng 1997). Research on the satisfaction-loyalty relationship is prevalent in the literature, however, only a limited number of studies have considered this relationship in multiple dimensions. In the present research, the elements of store satisfaction are delineated into *store satisfaction* that is related to the physical elements of the store, and *service satisfaction* that relates to the customer's

experience with customer service. The degree of customer's satisfaction with the retailer is determined by combining these attributes (Finn and Louviere 1996; Pan and Zinkhan 2006; Theodoridis and Chatzipanagiotou 2009). Previous research has predominantly focused on single forms of satisfaction, but there is limited research on both concepts as predictors of loyalty (Bei and Chiao 2001; Devaraj, Matta, and Conlon 2001). It is possible that store satisfaction and service satisfaction may influence loyalty differently. Product and service factors have been considered as moderators in the satisfaction-loyalty relationship (Curtis et al. 2011). When product and service satisfaction are observed as distinct, independent variables, the literature indicates that there are inconsistent findings as to which of the two dimensions of satisfaction is of greater importance to customer loyalty (Mittal, Kumar, and Tsiros 1999).

Store satisfaction is used in this research to examine elements perceived by the customer that relate to the quality of the retail store. Previous research identified store satisfaction as being the major factor that influences customer repurchase intention and store loyalty (Bloemer and De Ruyter 1998). The nature of satisfaction that a customer receives at a retail store is multidimensional and include a product-based dimension, a service-based dimension, and an image-based dimension. The product based dimension consists of the quality of the products sold, the service dimension relates to the service reputation of the organization, and the image dimension to the reputation of the store (Jayasankaraprasad and Kumar 2012; Khan, Naumann, and Williams 2012; Menon and Chowdhury 1995; Thomas 2013). These dimensions form the basis of store satisfaction in the present research. It should be noted that the service element included in the measure of store satisfaction differs from that in the measure of service

satisfaction. In the measure of store satisfaction, service is a broader issue and is related the store as an organization and its reputation. In the measure of service satisfaction, the service elements are related to employees and to specific service actions.

Service satisfaction represents the outcome of the customer's experience with store personnel and the customer service that they receive from them (Dabholkar, Thorpe, and Rentz 1996). In the present research, this is measured based on items that were specifically developed for measuring service quality for retail stores (Dabholkar, Thorpe, and Rentz 1996): keeping promises, error free transactions, attention given to customers, courteous behavior with customers, and willingly handling returns and exchanges. Service satisfaction has been shown to vary based upon how much the consumer has invested in the product. When the customer purchases a high-end product, service satisfaction has a greater significant influence on overall satisfaction (Goff et al. 1997; Woodham, Williams, and McNeil 2016). In the context of discount retailing this suggests that service satisfaction may play a lesser role than does store satisfaction.

In addition to the role that store and service satisfaction play in a discount retailing context, it has not been reported how price and quality value serve as antecedents of these two forms of satisfaction. In addition, this relationship has not been investigated in the context of discount retailing. Therefore, the following hypotheses are tested for discount retail customers:

- H1:** Price value is positively related to store satisfaction.
- H2:** Price value is positively related to service satisfaction.
- H3:** Quality value is positively related to store satisfaction.

- H4:** Quality value is positively related to service satisfaction.

It is likewise important to consider the relationship between store and service satisfaction for discount retail customers as this relationship may differ from that for other types of retailing environments:

- H5:** Store satisfaction is positively related to service satisfaction.

Loyalty represents the final outcome of the value-satisfaction-loyalty relationship examined in this research and has been a significant area of academic research (Bei and Chiao 2001; Lam et al. 2004; Moliner 2009; Pleshko and Baqer 2008; Toufaily, Richard, and Perrien 2013; Watson et al. 2015). Loyalty represents the customer's repeat purchase (behavioral loyalty) or a positive attitude towards the firm via their intent to recommend the provider to future customers (Fornell 1992; Lam et al. 2004; Leingpibul et al. 2009; Yuen and Chan 2010). In this research, an overall measure of customer loyalty is used that encompasses both attitudinal and behavioral components, as the literature suggests that both aspects represent a more accurate depiction of customer loyalty to be considered by firms (Kumar and Shah 2004). Loyalty has been shown to be an outcome of value and satisfaction (Akhter 2010; Lang and Hyde 2013; Picón, Castro, and Roldán 2014). Loyalty has been reported to be related to elements of store satisfaction (Kaltcheva and Weitz 2006; Swoboda, Berg, and Schramm 2013). However, as with the other variables examined in this research this relationship has not been verified in a discount retail setting. In addition, loyalty has not been tested based on the combined antecedents of price and quality value in combination with store and service satisfaction. In this regard,

the following hypotheses are tested for discount retail customers:

H6: Store satisfaction is positively related to customer loyalty.

H7: Service satisfaction is positively related to customer loyalty.

Gender and Store Brand Influences

Gender influences: The literature has reported gender differences in the value-satisfaction-loyalty relationship that may have implications for the present research (Bendall-Lyon and Powers 2002; Gonçalves and Sampaio 2012; Kumar, Pozza, and Ganesh 2013). Previous research indicates that gender moderates the customer satisfaction and loyalty relationship, with males having higher customer loyalty than females (Yuen and Chan 2010). While previous research has found that males satisfied with their purchase are more likely to repurchase (Gonçalves and Sampaio 2012; Mechinda, Serirat, and Gulid 2009; Mittal and Kamakura 2001), other studies have not found gender to be a significant moderator (Walsh, Evanschitzky, and Wunderlich 2008). Previous research has reported gender differences in satisfaction ratings with female customers giving higher ratings than males (Mittal and Kamakura 2001). Service quality is of greater importance for females, whereas for males, product quality was more important (Babakus and Yavas 2008). Given the differences between males and females observed in previous research, it follows that gender may influence the relationship between value, satisfaction and loyalty tested in this research. It is therefore hypothesized that for discount retail customers:

H8: Gender moderates the relationship between the dimensions of perceived value, perceived satisfaction and customer loyalty.

Store brand influences. Considering the store brand as a moderator may assist in further understanding the value-satisfaction-loyalty relationship. The term ‘store brand’ in this research refers to the name of the store. By using two different, but related stores in the sample, any differences between Target and Wal-Mart shoppers across the variables examined in this work may be revealed. These two store types represent two variations in format and approach within discount retailing. Target is a close competitor to Wal-Mart and also operates large discount stores with a wide assortment of merchandise. In the context of discount retailing, Target is considered to be positioned as a differentiator whereas Wal-Mart as a cost-leader (Bloom and Perry 2001; Facenda 2003; Mottner and Smith 2009). Wal-Mart and Target are highly competitive and rely on different price, quality, store, and service components as the variables used in this research. This enables the research to further assess the relative importance of value versus satisfaction influences on customer loyalty. The types of products sold at Wal-Mart stores can imply that Wal-Mart customers may be more sensitive to the price of products itself than other services that the store offers (Salegna and Fazel 2011). However, Target’s strategy is slightly different in that they offer both everyday essentials along with more fashionable and differentiated products. This type of store brand positioning has been shown to influence customer loyalty (Zielke and Dobbelstein 2007). When a store places greater emphasis on quality than price, it is more likely to influence customer loyalty (Martos-Partal and González-Benito 2011). This consideration is important to the present research issue as it provides a portal into possible differences across a greater range of store types and levels within the discount retail industry. Therefore:

H9: Store brand moderates the relationship between the multiple dimensions of perceived value, perceived satisfaction and customer loyalty.

METHOD AND RESULTS

An online survey of 513 discount retail shoppers of both Target and Wal-Mart was conducted and the final sample of 308 was obtained representing a response rate of 60%. The final sample included 155 Target customers and 153 Wal-Mart customers. Wal-Mart and Target together have a 40% market share in the U.S. retail merchandise industry that is comprised of both discount and non-discount retailers (IBISWorld 2013). Given the importance and size of these retailers it is worthwhile to examine satisfaction and loyalty in this setting. This study sample is also important to use as satisfaction and loyalty are determined at the point-of-purchase level (Aurier and de Lanauze 2011). The scales used in this research were based on previous literature. The scales for price and quality value were based on Sweeny and Soutar (2001). The measure of store satisfaction was based on Menon and Chowdhury (1995). The measure for service satisfaction was based on Dabholkar, Thorpe, and Rentz (1996) and customer loyalty measures were adapted from Gremler and Gwinner (2000). The customer loyalty measures include items related to purchase intent as well as intention to recommend. It should be noted that the scale for store satisfaction contained one item related to 'overall service' that may be seen to overlap with the service satisfaction items and construct. The use of this item was consistent with the previous literature and loaded with the other store satisfaction items.

The original scale for store satisfaction contained one item related to overall service that was also removed.

Validity was tested by factor loadings and reliability was tested by Cronbach alpha. As seen in Table 1, factor loadings exceeded 0.4, Cronbach alphas exceeded 0.70 and the average variance extracted (AVE) for each construct was greater than 0.50 (Gefen and Straub 2005). Discriminant validity was confirmed by satisfying following conditions; 1) the square root of each construct's AVE is greater than its inter-construct correlations, and 2) item loadings on the respective constructs are greater than on other constructs. The explained variance for the model was sufficient as it explained 66% of the variance in store satisfaction, 74% of the variance in service satisfaction and 62% of the variance in customer loyalty. The redundancy measures for these three endogenous variables were .1, .06 and .47 respectively, supporting the prediction capability of the exogenous variables.

Using the Stone-Geisser Q^2 measure, the predictive relevance of the model was tested. A blindfolding procedure was employed to test if the model adequately reproduces the observed variables when both the cross-validated redundancy (estimated using latent scores) and the cross-validated communality (estimated using latent variables) are used. The cross-validated redundancy for each of the three endogenous variables (store satisfaction, service satisfaction, and customer loyalty) was .0, .50, and .48. The cross-validated communality for each of the three endogenous variables was .88, .71, and .77. Q^2 values above .50 are regarded to be a highly predictive model (Chin 2010). Given

TABLE 1
Scale Reliability and Factor Loadings

Constructs	Items	Factor Loading	Reliability (Cronbach Alpha)	Average Variance Extracted (AVE)
Price Value	Are reasonably priced	0.93	0.95	0.88
	Offer good value for the money.	0.95		
	Are good products for the price.	0.95		
	Are economical.	0.93		
Quality Value	Have consistent quality.	0.93	0.98	0.89
	Are well made.	0.95		
	Have an acceptable standard of quality	0.95		
	Have good workmanship	0.95		
	Would last a long time	0.94		
	Would perform consistently	0.94		
Store Satisfaction	The overall quality of the products that this organization sells is good.	0.94	0.93	0.88
	The overall service of this organization is good.	0.94		
	The reputation of this organization is good.	0.93		
Service Satisfaction	When this store promises to do something by a certain time, it will do.	0.78	0.95	0.71
	This store insists on error-free sales transactions and records.	0.69		
	Employees in this store have the knowledge to answer customers' questions.	0.86		
	The behavior of employees in this store instills confidence in customers.	0.91		
	Customers feel safe in their transactions with this store.	0.88		
	This store gives customers individual attention.	0.86		
	Employees in this store are consistently courteous with customers.	0.86		
	This store willingly handles returns and exchanges.	0.76		
	When a customer has a problem, this store shows a sincere interest in solving it.	0.90		
	Employees of this store are able to handle customer complaints directly and immediately.	0.91		
Loyalty	I am willing to encourage friends and relatives to do business with this retailer.	0.88	0.94	0.77
	I am willing to recommend this retailer whenever anyone seeks my advice	0.89		
	I am willing to go out my way to recommend this retailer.	0.90		
	I would prefer to continue to purchase from this retailer compare to others.	0.87		
	I would consider myself to be a loyal customer of this retailer.	0.90		
	I would recommend this retailer to friends and relatives.	0.83		

these results, there is evidence that the model had high predictive relevance and is well supported. Path coefficients were assessed by a bootstrapping procedure evaluating 5,000 random samples of 308 cases (Henseler, Ringle, and Sinkovics 2009). Collinearity diagnostics were obtained to ensure that the constructs were not highly correlated. There was minimal evidence of multicollinearity between constructs with high tolerance levels (above 0.20) and low variance inflation factors (below 5). Partial Least Squares (PLS) was used in the analysis. PLS uses a series of ordinary least squares regressions to estimate the maximum variance explained in the endogenous variables in a hypothesized structural equation model (Ringle, Wende, and Will 2005; Wold 1982).

Table 2 summarizes results for hypotheses H1-H7. Hypothesis 1 was not supported indicating that there was no significant relationship between price value

and store satisfaction ($\beta = .10$, t-value = 1.58). Hypothesis 2 was also not supported indicating that there was no significant relationship between price value and service satisfaction ($\beta = .08$, t-value = 1.49). Hypothesis 3 was supported, indicating a positive relationship between quality value and store satisfaction ($\beta = .743$, t-value = 13.09). Hypothesis 4 was supported indicating a positive relationship between quality value and service satisfaction ($\beta = .17$, t-value = 2.63). Hypothesis 5 was supported showing a positive linkage between store satisfaction and service satisfaction ($\beta = .66$, t-value = 10.62). Hypothesis 6 was also supported indicating a positive relationship between store satisfaction and customer loyalty ($\beta = .69$, t-value = 9.34). Hypothesis 7 was not supported indicating there was no significant relationship between service satisfaction and customer loyalty ($\beta = .12$, t-value = 1.49).

TABLE 2
Results for Hypotheses 1-7

Hypotheses	Paths	Sample Mean (M)	Standard Error (STERR)	t-values (O/STERR)
H1	Price Value → Store Satisfaction	0.10	0.06	1.58
H2	Price Value → Service Satisfaction	0.08	0.05	1.49
H3	Quality Value → Store Satisfaction	0.74	0.06	13.09
H4	Quality Value → Service Satisfaction	0.17	0.07	2.63
H5	Store Satisfaction → Service Satisfaction	0.66	0.06	10.62
H6	Store Satisfaction → Loyalty	0.69	0.07	9.34
H7	Service Satisfaction → Loyalty	0.12	0.08	1.49

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

TABLE 3
Subgroup Analysis (Hypotheses 8 and 9)

H	Path	H8 (Male vs. Female)					H9 (Target vs. Wal-Mart)				
		Male		Female		T _{diff}	Target		Wal-Mart		T _{diff}
		Sample Mean	t-Stat	Sample Mean	t-Stat		Sample Mean	t-Stat	Sample Mean	t-Stat	
H1	Price Value → Store Satisfaction	0.10	1.07	-0.03	0.49	1.22	0.22	2.49	0.04	0.38	1.55
H2	Price Value → Service Satisfaction	0.07	1.01	0.13	2.06	-0.58	0.05	0.79	0.07	0.95	-0.18
H3	Quality Value → Store Satisfaction	0.73	8.63	0.85	16.19	-1.17	0.59	6.59	0.81	11.54	-1.92
H4	Quality Value → Service Satisfaction	0.18	1.79	0.24	2.78	-0.48	0.27	3.22	0.08	0.78	1.50
H5	Store Satisfaction → Service Satisfaction	0.66	7.37	0.57	6.76	0.76	0.59	8.27	0.75	8.19	-1.44
H6	Store Satisfaction → Loyalty	0.69	6.29	0.63	6.17	0.38	0.50	4.50	0.86	10.16	-2.57
H7	Service Satisfaction → Loyalty	0.11	1.01	0.19	1.84	-0.49	0.28	2.64	-0.04	0.51	2.21

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

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

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

The sample was divided into males (145), females (163), Target customers (155), and Wal-Mart customers (153) to examine Hypothesis 8 and 9. Comparisons were made using parametric t-tests to detect significant differences between the path coefficients for each subgroup (Henseler, Ringle, and Sinkovics 2009; Keil et al. 2000). Based on the parametric t-tests no significant

differences were found between males and females, as seen in Table 3. Hypothesis 8 was therefore rejected. The moderation results for store brand are also seen in Table 3. There were two significant differences found between the Target and Wal-Mart subgroups. Target customers compared to Wal-Mart customers showed a significantly lower relationship between store satisfaction

and customer loyalty (H6). Target customers, however, had a significantly higher relationship between service satisfaction and customer loyalty than did Wal-Mart customers (H7).

DISCUSSION

The research presented in this paper provides researchers and discount retail managers with important evidence on the specific dimensions of value and satisfaction that influence customer loyalty. It is important to note that in some cases the results run contrary to the general literature not specific to discount retailing. One of these findings was that price value was not found to be related to store or service satisfaction (H1, H2) suggesting that discount retail customers may anticipate low prices and therefore they do not serve as a driver of satisfaction. Another finding contrary to the literature was that service satisfaction did not influence customer loyalty (H7) as a high level of customer service may not be a requirement for discount retail shoppers. Both findings contribute to the understanding of the unique nature of discount retailing in the context of the value-satisfaction-loyalty relationship.

There are several implications for managers seeking to understand and improve the value-satisfaction-loyalty relationship for their organizations and customers. This research provides managers with evidence on the specific dimensions of value and satisfaction that influence customer loyalty in a discount retail setting. In some cases, the hypotheses were supported; in other cases, they were not, however, in both instances, there are important conclusions that may be drawn. Contrary to what was hypothesized, price value was not found to be related to store or service satisfaction (H1, H2). This finding was surprising and seems counter-intuitive, especially for discount retailers that focus on price as a customer appeal. However, there are two possible explanations

for this result. Even though overall perceived value has been reported to be related to satisfaction (McDougall and Levesque 2000; Yang and Peterson 2004), price value may be seen differently by the discount retail customer. Based on the results of this research, price value may not be directly related to the customer's evaluation of the store or service, especially as it relates to lower-priced goods. Perhaps price may only be related to customer satisfaction during the purchase of higher-priced products and services in a non-discount retail setting (Zeithaml 1988).

The finding that quality value was significantly related to store and service satisfaction (H3, H4) was as hypothesized and again has important implications. Even though discount retailers emphasize low prices, quality value is important to customers and was found to be related to both store and service satisfaction. The literature suggested that product satisfaction is related to service satisfaction, and this was found to be the case here for store satisfaction. In terms of gender differences, there are also important implications of the research. Although there was not a statistically significant difference between males and females (H8) on the relationship between price value and service satisfaction (H2), and between quality value and service satisfaction (H4) the individual hypotheses were significant for females, but not males. This is consistent with the literature that has shown that females place greater emphasis on service quality than males (Babakus and Yavas 2008).

Store satisfaction was found to be related to loyalty (H6) and is consistent with the related literature (Torres-Moraga, Vásquez-Parraga, and Zamora-González 2008). What is surprising though is that this relationship was found to be greater for Wal-Mart than for Target customers (H9). Perhaps this finding may be attributed to

Wal-Mart customers being primarily concerned with product or store attributes in comparison to Target customers that may have a greater concern for service attributes. The finding that service satisfaction was not related to loyalty (H7) was unexpected and was counter to the literature (Zeithaml, Berry, and Parasuraman 1996). A possible explanation of this finding is that customers of discount retailers may find service simply not as important as store related elements. This also can be related to service satisfaction varying based upon purchase price. As purchases of higher-end products drive the importance of service satisfaction (Goff et al. 1997), it follows that service satisfaction may be of limited importance in discount retailing. This has been reported in the industry where discount retailers are more concerned with product assortment and less with personal interaction when seeking to establish customer loyalty (Carpenter 2008). The results of the present research support this pattern as it was found that Target customers had a significant relationship between service satisfaction and loyalty (H7); Wal-Mart customers did not. This would imply that the service satisfaction-loyalty relationship may not apply to deep discount retailers such as Wal-Mart.

SUMMARY AND CONCLUSIONS

This research contributes to the literature first by examining the value-satisfaction-loyalty relationship specifically in the discount retail industry. The results indicate that there are unique aspects of this relationship that are different for discount retailing compared to what has been previously reported in other contexts. In addition to the contribution made by extending previous research to the discount retail industry, this research makes a second contribution by examining the multiple dimensions of value and satisfaction and their influence on customer loyalty. The study empirically identified the relationships

between two dimensions of perceived value and two dimensions of customer satisfaction as determinants of customer loyalty, as well as the overall influence of store brand and gender. The inclusion of value with satisfaction as determinants of loyalty addresses calls in the literature for this type of research that explains loyalty beyond the satisfaction antecedent alone (Kumar, Pozza, and Ganesh 2013). In addition, the research examined the value-satisfaction-loyalty relationship with gender and store brand as moderators. This again extends the level of knowledge in the area.

Several areas of future research are warranted based on the research reported. First, additional research that considers these relationships in different settings may be beneficial. It was noted that there were differences in two observed relationships between Target and Wal-Mart customers. It would follow that there could be additional differences between other levels and types of stores as suggested by the literature (Woodham, Williams, and McNeil 2016). Closely related to this is the possibility of examining these relationships as they relate to the relative importance of the product purchased (Kanning and Bergmann 2009; Tam 2011). The relationships observed, particularly those related to price value and service satisfaction, may be more important to a high-level purchase. The non-significant relationship observed in this research may apply only to discount retailers, or it may be found that price value is perceived in a manner that does not make it directly applicable to perceptions of satisfaction.

While the relationships in this study found no significant differences between males and females, considering gender in other contexts (i.e., high-end retailers or non-retail industries) may expand the results on the role of gender in relation to the value, satisfaction and loyalty relationship. Although this paper was primarily interested

in the functional aspects of value, there are other dimensions of perceived value, such as emotional and social (Sweeney and Soutar 2001), that might influence customer satisfaction and loyalty. These value dimensions, being more cognitive in nature, may offer different and interesting findings. Another aspect to consider is to examine the influence of expectations of value on satisfaction (Meirovich and Little 2013; Powers and Valentine 2008). A related consideration is that in the present research price and quality value were examined as

antecedents to store and service satisfaction, but were not tested as direct antecedents of loyalty. This was consistent with the literature (Gounaris, Tzempelikos, and Chatzipanagiotu 2007; Lam et al. 2004; McDougall and Levesque 2000), however future research can determine if this additional relationship is substantiated. A final area of future research would be to extend this study to retailers in a global setting, reflecting the growth that is increasingly occurring in discount retailing world-wide.

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