



How Store Atmosphere, Service Quality, Trust and Price Image Influence Customer Satisfaction In Discount Store?: A Conceptual Framework

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Received 21 June 2018

Revised 22 November 2018

Accepted 10 December 2018

Abstract: This paper propose a conceptual framework that measures the relationship between store atmosphere, service quality, trust, and price image towards customer satisfaction in a discount store. From the framework, seven hypotheses were developed. The proposed framework will help discount store retailers to develop and implement more successful relationship marketing strategies. Also, researchers will find this paper useful in exploring and examining customer satisfaction.

Keywords: Customer satisfaction, store atmosphere, service quality, trust, price image

Paper type: Empirical paper

1. Introduction

The retail industry around the world is booming, driven by economic and social development, and also increasing population growth. Besides, there are other important factors that influence the growth of the retail industry, such as changing customer trends, increasing purchasing power, and also the penetration of international players. According to Webster dictionary (1993), a supermarket is a “self- service store or independent retail market that is offering a wide variety of food and household merchandise, organized into departments.” A discount store is a retail shop which sells products at prices that are lower than the typical market price. Besides, it has a more comprehensive selection than a traditional grocery store. According to Schwart (1997), a discount store is usually targeting a specific demographic, typically lower to middle-income customers. The demand for discount store products is highly related with spending habit

of the customer and the number of population in the region. A discount store provides various facilities in order to attract more customers and compete over their competitors. The discount store sells typically a large variety of goods, which also includes cosmetics, apparel, health product, toys, non-perishable grocery items, electronic goods, kitchen products, sports good, and also some jewelry.

This paper aims to propose a conceptual framework that measures the relationship between store atmosphere, service quality, trust, and price image towards customer satisfaction in a discount store. To the best of author's knowledge, such a comprehensive framework is yet to be established. Specifically, this paper intends to propose a conceptual that propose the following relationships;

1. the relationship between store atmosphere and customer satisfaction
2. the relationship between trust and price image
3. the relationship between service quality and customer satisfaction
4. the relationship between trust and experience
5. the relationship between price image and experience
6. whether shopping experience has a significant influence on customer satisfaction

In terms of the retail industry, this paper is meaningful because retailers want to achieve their competitiveness by using store loyalty, which only can be achieved when customers satisfied with their products and services. With this paper, practitioners would expect to understand the factors affecting customer satisfaction. Also, researchers will find this paper useful in exploring and examining customer satisfaction.

2. Literature Review

A. *Customer satisfaction*

According to Hasemark and Albinsson (2004): "satisfaction is an emotional reaction to the difference between what customers expect and what they receive regarding the fulfillment of need." Customer satisfaction also can be defined as "customer evaluation of felt towards the product after usage that does the product itself differ for other brands but have the same function on it" (Yi, 1990). Customer satisfaction is the heart of study in the area of marketing and becomes the focus of the retailer, especially in the retail industry.

Customer satisfaction is essential for discount stores because consumers would stay loyal, revisit to store, and spread positive word of mouth when they satisfy with the retailers and offerings.

B. *Trust*

"Trust can be defined as one party is confident to another party, and it also exchanges a partner's reliability and integrity (Morgan and Hunt, 1994). According to Clay and Martin (2002), trust also can be defined as a firm belief in the reliability, truth, or ability of someone or something. Trust can be achieved if the other party holds on their promises and able to satisfy the other party. In this paper, trust can be interpreted as expectation held by the consumer that the store, its people, and product are dependable and can be relied on

their promises. If the discount store able to keep their promise, they will gain more trust from their customers and can get more customers in the future. According to (Singh, 2015), rising competition among in the retail sector makes retailers committed to gain consumer trust.

According to Besra et al. (2015), trust is positively and significantly affects consumer buying intention. In other words, if consumer has trust, they will likely to purchase from the store. As such, it is essential for the store to build durable and long term relationships with the consumers.

C. Price image

Price is one of the essential elements in the marketing mix. For retailers, pricing is vital due to the fact that consumers visit stores based on their subjective beliefs and feelings about a retailer's pricing activities, which also known as price image (Murthi and Rao, 2012). Price image can be defined as “a global representation of the relative level of prices at a point of sale” (Simester, 1995; Hamilton and Chernev, 2013). According to Babin et al. (2016), consumers react differently to price tactics and prices.

Mirabi et al. (2015) had highlighted that price is one of the crucial factors in consumer buying behavioral, which has a significant impact on consumer satisfaction. To elaborate further, price image leads to consumer satisfaction, only if the consumers are satisfied with the store price. Several authors have shown the influence of prices and price image on consumers' satisfaction and consumers' attitude toward a point of sale (Varki and Colgate, 2001; Iyer and Evanschitzky, 2006). Zielke (2008) found that prices perceived by consumers (precisely the dimensions price level, price value, price fairness, price perceptibility, price processibility, special offers, price advertising and products in the upper price range) influence consumers' price satisfaction, a determinant of the global level of satisfaction consumers feel (Lymperopoulos and Chaniotakis, 2008).

D. Customer experience

Customer experience is also known as customers' holistic perception of their experience with a particular business or brand. Experience can be related to the service given by the store, or the facility provide by the store. Customer experience is one of the most critical elements to determine customer satisfaction. According to McColl-Kennedy et al., (2018), in order to enhance customers' experience, customer perspective should be taken care of, root causes should be identified, at-risk segments should be uncovered, customers' emotional and cognitive responses should be captured, and decreasing sales must be spotted and prevented.

E. Store atmosphere

According to Levy and Weitz (2009), store atmosphere is referred to the attribute that aims to intensify the store environment with the combination of different cues such as lighting, color, music, and scent. Milliman (1986) categorized the atmosphere as a term that is used to explain our feeling towards the shopping experience, which cannot always be seen. Kotler (1973), on the other hand, described the term atmospherics as the design of a store environment that can stimulate buyers' emotions and ultimately affect their purchase behavior. He also clarified that the atmosphere can be represented as the quality of the surrounding environment.

Many researchers have investigate the significant impact of store atmosphere on customer behaviour (Bitner, 1992; Hoffman and Turley, 2002; Mattila and Wirtz, 2001; Russell and Mehrabian, 1976), whereby

most of their study result found that store atmosphere is one of the factors that can lead to customer satisfaction in the retail store.

F. Service quality

Service quality refers to “a global evaluation of a firm's service delivery system” (Anderson and Fornell, 1994; Parasuraman et al., 1985). The perception of service quality has a positive linkage with customer satisfaction. For example, Al Ali (2015) mentioned that service quality in grocery retailing is a threshold factor to maintain loyal and satisfied customers. Besides, convenience is one of the factors that determine service quality, which may increase customer satisfaction and influence purchase and repurchase behavior.

3. Research Model

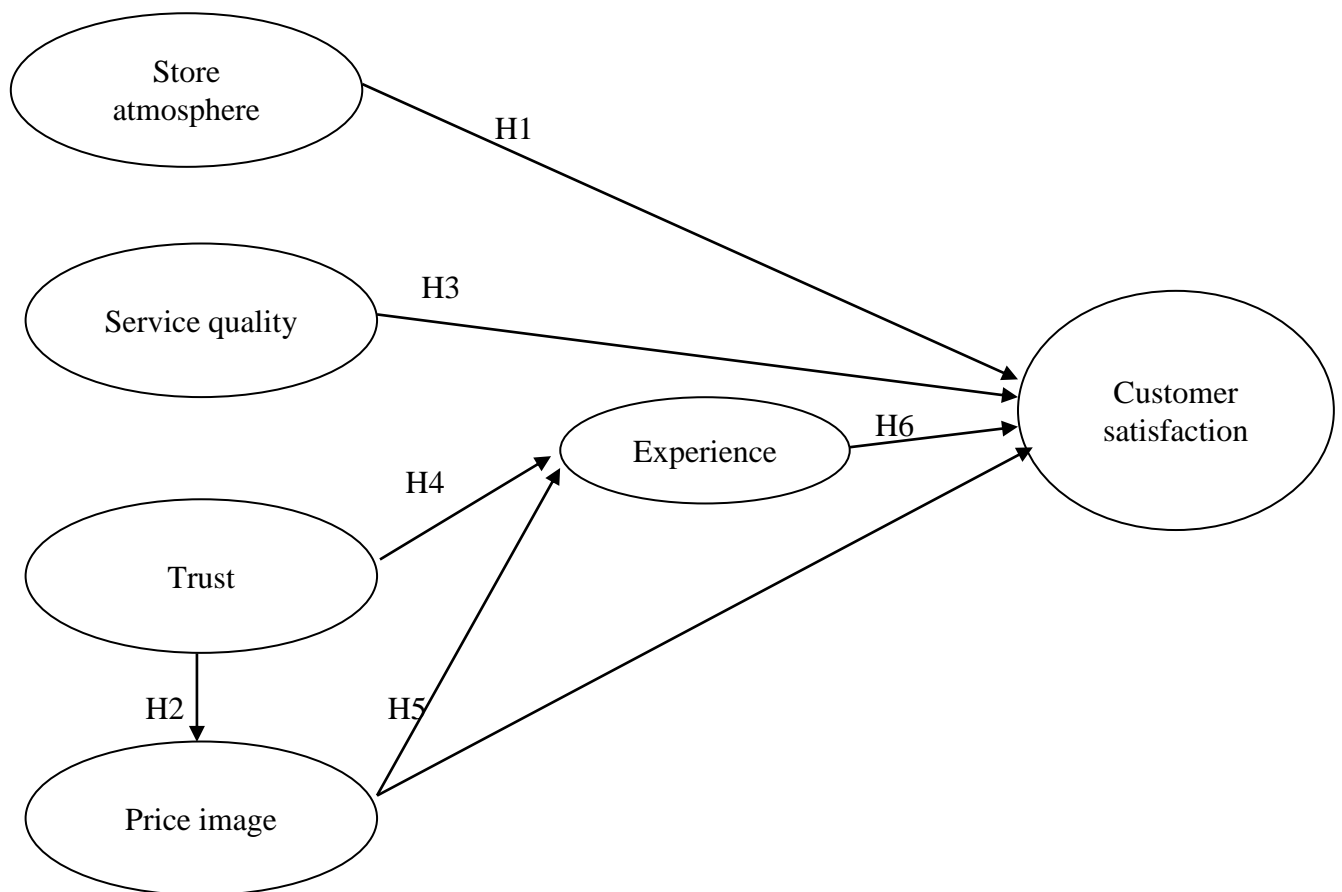


Figure 1: A proposed conceptual model

4. Conclusions

This paper proposes a conceptual framework that measures the relationship between store atmosphere, service quality, trust, and price image towards customer satisfaction in a discount store. From the framework, seven hypotheses were developed. Specifically, this paper explores the relationship between store atmosphere and customer satisfaction, trust and price image, service quality and customer satisfaction, trust, and experience, price image, and experience, as well as a shopping experience and customer

satisfaction. The proposed framework will help discount store retailers to develop and implement more successful relationship marketing strategies. Besides, researchers will find this paper useful in exploring and examining customer satisfaction.

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