

Abstract

A store's continued existence and success to a great extent depend on customer loyalty. Store loyal customers purchase more often, try other products stocked by the store and bring in new customers for the store through positive word of mouth. Depending on the store type, organized and unorganized store loyalty is affected by various factors like trust, value for money, availability, display, satisfaction, ambience, location and so forth. Loyalty is associated with the success and profitability of a firm. Consequently, customer loyalty provides an underpinning to study the relationship among customer relationship activities, value creation programs and marketing strategies.

Retailing is the largest private industry in India and second largest employment sector after agriculture. Domestic enterprises have already ventured in the field of multi-brand retailing in the past few years. Although the consumers have gained from these enterprises, concerns have been expressed by various quarters on the benefit to the farmers. FDI in retail is expected to create a win-win state of affairs for the enterprise, farmers, suppliers, consumers as well as the country's economy. The Indian retail sector is still predominantly unorganized in nature. Thus it provides great opportunity for both domestic and foreign retailers. However, retailers irrespective of being in the organized or unorganized sector, should not at any point of time disregard the fact that customer happens to be the king.

This study explored the various determinants of store loyalty and their relative importance in recruitment and retention of customers. The findings of the survey emphasize on more effective strategy formulation by the retailers taking into account the various important dimensions and help in the long term retention of the customers assuring them of continued patronage and share of wallet. The broad objective of the study was to develop a relationship framework by considering store loyalty as the dependent variable and a set of independent variables such as customer satisfaction, trust, value for money, demographics, shopping convenience, social class, ambience,

availability, display and so forth in the context of the consumers drawn mainly from the four metros, New Delhi, Mumbai, Kolkata, and Chennai. Some tier I, II and III cities from different parts of the country have also been considered to make the study more representative and lend it a pan-Indian character that included Bangalore, Hyderabad, Pune, Ahmedabad, Bhubaneswar, Ranchi, Guwahati, Jodhpur, Siliguri and Darjeeling. In this paper an effort has been made to establish the scale reliability and validity which is a sine qua non for any scientific measurement. The questionnaire has been diligently administered and the respondents were explained about the purpose of the study for which the data on multiple items were sought from them.

Notwithstanding the fact that the Indian retail sector is dominated by the unorganized format of retail, this paper guides through the two different retail segments presently operating in India and the patronage behavior of customers towards these segments. India is often referred as the nation of shopkeepers out of which the majority comprises small neighborhood stores, also known as *kiranas*. This paper reviewed diverse literature to understand the factors which affect the customer patronage behavior of various retail formats. This study tried to find the responses and patronage behavior of urban customers towards traditional as well as the modern retailers. The results reveal that all the variables included in the study are significant in at least one of the retail segments. Differences perceived by customers between the small stores and modern retailers are covered in the study to understand the influence of specific decision variables in the selection of a particular retail format. The inference is that factors like good ambience and attractive display drive a customer towards modern retailers while trust and satisfaction and the like attract customers towards small stores.

The findings of this study could have significant implications for India's retail industry. It is revealed that the relatively young shoppers exhibit lesser degree of trust towards organized stores. Similar result has been expressed in case of unorganized retail. The variability in the response pattern is more or less same for the shoppers across different age categories. It is observed that lower the age of the respondents, lower would be their trust for the organized store and lower the income of the respondents, lower would be their trust for the organized store. Retailers need to focus on loyalty boosting

strategies for engendering store loyalty, like increasing merchandise value perceptions and improving store atmosphere on the whole. Store loyal customers should be rewarded to create increased merchandize value perceptions. This can be achieved by activities like offering loyalty discounts, informing customers of savings should they choose to shop from the store, or using such tools like issuing loyalty cards, service personalization and community development among customers. Here, Customer Relationship Management (CRM) can prove to be a very handy tool in providing augmented value for existing customers. Retailer must also strive to provide customers with comprehensive information about products and warranties which goes to increase store merchandize value propositions. With regard to demographic factors, retailer should focus more on younger customers. Retailers should strive to attract more and more young customers in their fold by incorporating those elements that draw them towards their stores. Retailers also should make every effort to retain the loyalty of their women customers in general as findings indicate that women tend to score higher on store loyalty than men. Retailers need to emphasize on strategies which generate positive store affect and promote store loyalty in their customers by improving store atmosphere, crafting attractive layout or through emotional appeal oriented store advertising. To help locate potentially loyal customers, it is essential to explore symbolic store image in customers' minds in addition to customer self image characteristics. Moreover, retailers should communicate store characteristics to target customers.

Keywords: Retail, Store Loyalty, Customer, Organized, Unorganized