The Influence of Assortment Satisfaction on Customer Loyalty: An Empirical Survey of Students

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ABSTRACT

This study investigates how assortment satisfaction is predicted for purchase of online footwear and its consequences. This research is interplay of product display, customer loyalty, perceived risk and price comparison to ascertain their relationships. It examines the association between intrinsic cues and assortment satisfaction. This article also probes the well-established relationship between satisfaction and loyalty by way of assortment satisfaction and customer loyalty. The impact of product display, customer loyalty and price comparison on assortment satisfaction has been empirically verified by exploratory factor analysis and tested by structural equation modeling. The findings prove that price comparison is the most important factor influencing assortment satisfaction. Assortment satisfaction leads to customer loyalty. The authors develop a model that jointly optimizes assortment satisfaction for product display and price comparison and builds customer loyalty.

KEYWORDS

Assortment Satisfaction, Customer Loyalty, Perceived Risk, Price Comparison, Product Display

INTRODUCTION

A satisfied customer is a repeat customer. During online purchase, when haptic cue is absent, intrinsic cues product display and price comparison substitute. We employ assortment satisfaction to measure the overall judgment arising due to the intrinsic cues. An assortment decision is evaluated by product display and product price for consumer-packaged goods (Murray et al., 2010) and can be defined as the difference between assortment benefits and assortment costs (Beneke, Cumming & Jolly, 2013). Additionally, satisfaction building loyalty is a well-established relationship (Kumar et al., 2013). This paper investigates if assortment satisfaction creates customer loyalty.

Thus, this research attempts to fill these research gaps. We demonstrated the discriminant validity of the constructs, price comparison, perceived risk, category killer product display, comprehensive product display, customer loyalty and assortment satisfaction, and empirically tested the relationships among, price comparison, perceived risk, category killer product display, comprehensive product display, customer loyalty and assortment satisfaction in the online retail market. To this end, this research tested the proposed model with 297 online users and the results will help online footwear retailers identify ways to build customer loyalty and assortment satisfaction. In addition, this research showed that comprehensive product display and price comparison are important predictor of assortment satisfaction.

DOI: 10.4018/IJOM.2017100103

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The rest of the paper is organized as follows. First, we review and summarize the literature in footwear retailing, online and offline settings in regard to customer loyalty, assortment satisfaction, price comparison, product display and perceived risk. Next, we develop a conceptual model and formulate research hypotheses. Then, we present an empirical study and use structural equation modeling (SEM) to test the model and research hypotheses. Finally, we offer theoretical and practical implications of our findings and discuss limitations and future research directions.

**LITERATURE REVIEW**

**Product Display**

Product is core to retailing (Krasonikolakis et al., 2011) and its visual appeal affects the senses of the customer. There is bound to be a mismatch between customer’s belief and actual product display (Valenzuela, et al., 2013) and the online retailer should compensate the customer (Ranganathan, 2012) for this. Therefore, the role of product display in online retailing is important. Product display is associated with shelf space location, orientation and facing area (Murray et al., 2010), can be an effective promotional tool (Jih, 2007) and is a part of store atmospherics (Krasonikolakis et al., 2011) in online format. Product display can either be 2D or 3D (Cheng, et al., 2014). The amount of space allocated to a product for display determines the demand for a product (Murray, et al., 2010). Hence more the product display, higher the sales. Product display can be classified into comprehensive and category killer. Comprehensive is a full view of footwear while category killer is a detailed view of the footwear. We therefore hypothesize that

**H1:** Category killer product display positively (CKPD) influences comprehensive product display (CPD)

**Price Comparison**

Marketers tend to make the price appear lower than they are (Bambauer-Sachse & Mangold, 2009). Consumer behaviour towards online or bricks and mortar retailer for price comparison depends on product category (Chatterjee & Kumar, 2017) and product cost (Marmorstein, et al., 1992). The tendency to compare prices is increasing rapidly (Pontano, 2014). We therefore hypothesize that

**H2:** Comprehensive product display (CPD) is positively related to price comparison (PC)
**H3:** Category killer product display (CKPD) is positively related to price comparison (PC)

**Assortment Satisfaction**

Intrinsic cues product display and price comparison can be evaluated by the cue utilization theory. Cue utilization theory states multiple cues are collectively utilized to arrive at an overall judgment (Szbitlo & Jacoby, 1974) like assortment satisfaction. Satisfaction is a recognized behaviour indicator (Hsu et al., 2013). It is a psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the customer’s prior feelings about the consumption experience (Oliver, 1981). Satisfaction has been defined as fulfillment of one’s wishes, expectations, or needs, or the pleasure derived from this (Chan, et al., 2003). Satisfaction is not the result of one transaction but evolves over time (Eshghi, et al., 2007) and a global evaluation of relationship history (Casalo et al., 2008). Assortment is usually described in terms of the number of brands (assortment breadth) and the number of stock-keeping units (assortment depth) offered by a retailer (Bauer, et al., 2012). Assortment satisfaction can happen due to stock keeping units (SKUs), no of sub categories, number of brands (Pizzi & Scarpi, 2016).
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