

EXPLAINING CUSTOMER LOYALTY TO RETAIL STORES IN U.S. HISPANIC MARKETS

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Abstract

Explaining customer store loyalty in emerging markets, in particular Hispanic markets, is the main purpose of this paper. Acknowledging that there have been many attempts to better understand customer store loyalty, this study employs an explanation chain and, thus, a model describing key relationships in the generation of customer loyalty, from initial customer satisfaction to trust, to commitment, to loyalty. Additional variables are explored as moderators of the relationships taking place within the explanation chain. Using both SPSS and SEM analyses, the results support a strong explanation chain of customer store loyalty with moderators adding less than 5% explained variance. Managerial implications and research limitations are also examined.

Keywords: Retail customer; Customer store loyalty; Trust; Commitment; Satisfaction; U.S. Hispanic Consumers

1. Introduction

This study aims at examining the process store customers follow in developing loyalty to a store. Examining this process is important in a context of a growing market in which store choices are numerous and continue to multiply. Moreover, explaining the formation process of store loyalty is crucial when a) the phenomenon becomes more complex as population grows and more stores enter the markets, and b) existing conceptual frameworks offer limited empirical support.

Thus, the following research questions guide the study:

RQ1. *What are the critical components of an explanation chain of customer loyalty?*

RQ2. *What are the significant moderators of the relationships taking place in the explanation chain?*

RQ3. *How similar or different are Hispanic consumers in the way they become loyal to the stores they patronize?*

The purpose of this research is to attempt an explanation of customer store loyalty by testing an explanation chain of the key relationships taking place in the process of generating customer loyalty. In addition, this research explores the effects of significant moderators in the relationships defining the explanation chain. Research results are based on data gathered from consumers in Hispanic markets in the U.S.

The remaining of the paper addresses the components of explanation chain and the reason why such an explanation is a parsimonious approach to customer store loyalty. Next, the methods and results of the research are explained and discussed along with the research implications of the most important findings. The conclusions of the study are presented last.

2. Explaining Customer Store Loyalty

Both research and practitioners are interested in a parsimonious explanation of customer store loyalty. Several factors have been identified as predictors or influential attributes of customer loyalty in a retail context. Some factors were generated by the retailer, such as service quality (Fullerton, 2005; Wong & Sohal, 2003a) or perceived quality (Mitchell & Kiral, 1998), process brand—the experience that retailers provide—(Davies, 1992), brand differentiation (Tuckey, 2001), private-label use (Ailawadi, Pauwels, & Steenkamp, 2008), incentives offered by retailers (Beeler, 2000), and positive encounters at the store (Wong & Sohal 2003b). Other factors have been identified on the basis of studies of customer behavior, such as budget spent at the store (Knox & Denison, 2000), shoppers' individual needs (Barlow, 2000), cross-shopping (Stark & Ebenkamp, 1999), emotional satisfaction (Wong, 2004), and uncertainty avoidance a la Hofstede (Straughan & Albers-Miller, 2001). In addition, website information and perceived value were positively associated to customer loyalty intentions towards apparel retail websites (Kim & Niehm, 2009).

2.1. The Role of Customer Satisfaction, Trust, and Commitment on Customer Store Loyalty

Satisfaction and loyalty have been key concepts in understanding customer behavior outcomes. At the center of attention, however, is the actual role of customer satisfaction in the achievement of customer loyalty. Some authors assert that loyalty is the result of obtaining customer satisfaction (Hallowell, 1996; Heskett, Jones, Loveman, Sasser, & Schlesinger, 1994), including moderating effects (Chen, Wang, Wang, & Tsai, 2010) and various antecedents (De Wulf, Odekerken-Schroeder & Iacobucci, 2001; Juhl, Kristensen & Ostergaard, 2002; Kristensen, Juhl & Ostergaard, 2001; Murgulets, Eklof, Dukeov, & Selivanova, 2002; Piron, 2001). In contrast, other authors empirically conclude that store loyalty cannot be generated by customer satisfaction alone or that both satisfaction and loyalty are only indirectly related (Miranda, Konya & Havrila, 2005; Reichheld, 1996; Sivadas & Baker-Prewitt, 2000; Vasquez-Parraga & Alonso, 2000).

Yet, accepting that customer satisfaction and loyalty are indirectly related, the key question is which mediating variables are in between satisfaction and loyalty. Authors differ on which mediating variables are relevant. Trust, commitment, word-of-mouth communication are some mediatory variables identified in previous research (Sivadas & Baker-Prewitt, 2000). More specifically, some alternatives were proposed to explore or explain customer store loyalty, such as the means-end chain (Lee, Chang & Liu, 2010) and the role of retail format in observable loyalty patterns in a market (Bustos-Reyes & Gonzalez-Benito, 2008).

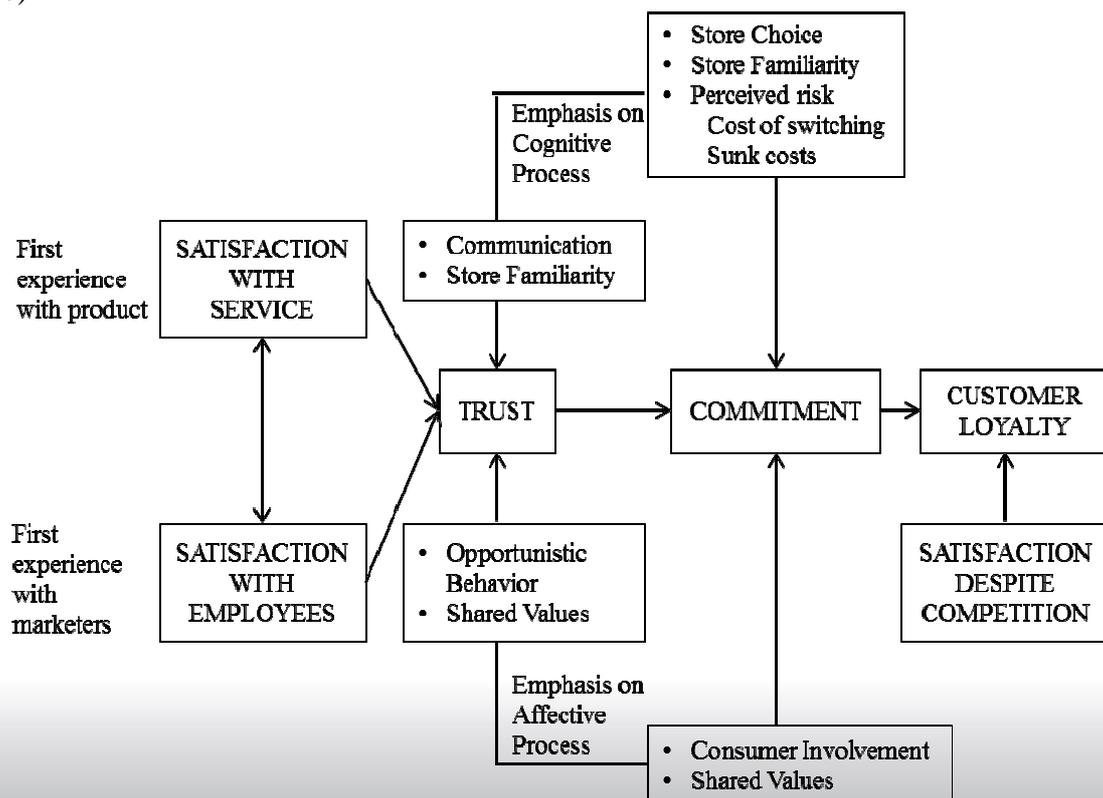
We adopt a framework that appears to be more rational and complete to explain how customer loyalty is generated and sustained when adopting consumer services, the V-A approach (Vasquez-Parraga & Alonso, 2000; Zamora, Vasquez-Parraga, Rodriguez, & Gonzalez, 2011). This approach offers important advantages as a conceptual framework.

First, it adopts “true” loyalty (see Dick & Basu, 1994), which includes both behavioral and attitudinal characteristics. Second, it includes transactional satisfaction, not only product satisfaction, for a more thorough measurement of customer satisfaction. Third, it underscores the importance of three core variables—satisfaction, trust, and commitment—in the explanation of loyalty. These variables have a sequential impact on loyalty starting in a satisfactory experience with both the product and the transaction. Such positive experience generates trust, which in turn produces commitment, which in turn results in loyalty. This sequence of satisfaction, trust, commitment, and loyalty is the explanation chain (Hunt, 2010) and attempts to represent a parsimonious explanation of customer loyalty. Thus, customer loyalty is defined as the end result of trust and commitment between the client and the provider through multiple encounters, building up a satisfactory relationship in the long-term (Bravo, Vasquez-Parraga, & Zamora, 2005; Torres, Vasquez-Parraga, & Barra, 2009; Zamora, Vasquez-Parraga, Morales, & Cisternas, 2004).

2.2. The Role of Other Factors on Customer Store Loyalty

Unlike Oliver (1997, 1999), Sawmong & Omar (2004), and Evanschitzky & Wunderlich (2006), who study loyalty under conditions of cognitive, affective, conative, and action evaluations, the V-A approach examines the entire process of generating loyalty under both essential conditions, cognitive and affective, and thus identifies and tests a number of moderating effects on either the role of trust or the role of commitment on the basis of two attitude sources, cognitive and affective. The cognitive effects derive from attitudes such as customer perceived risk, store familiarity, store choice, and communication. The affective influences derive from attitudes such as customer opportunistic propensity, consumer involvement, and shared values with the service provider. Both, the cognitive and affective attitudes moderate the effect of either trust on commitment or commitment on loyalty, as shown in Figure 1.

Figure 1 – Antecedents of Customer Loyalty (Adapted from Vasquez-Parraga & Alonso, 2000)



In addition, we examine the role of some demographic characteristics, such as income and education, besides the core explanatory variables of loyalty and the corresponding moderating effects on trust and commitment. No hypotheses were posited because the research reported here is formative in the area of customer store loyalty; nonetheless, the results are reflective in the study of loyalty using the V-A approach.

3. Methodology

Following a previous application of a survey research designed to test the explanation chain with transportation users (Zamora et al., 2011), this study adapted the questions and measures related to the eight core constructs and eight moderating factors used. The eight core constructs representing the process leading to loyalty and the explanation chain are cognitive loyalty, affective loyalty, behavioral loyalty, trust, commitment, satisfaction with service, satisfaction with employees, and satisfaction despite competition. The eight moderating factors of the effects of trust on commitment and the effects of commitment on loyalty are store choice, store familiarity, company opportunism, communication between the customer and the company, perceived risk, consumer involvement with the service, shared personal values, and shared management values, as listed in Table 1.

Table 1 – Confirmatory Factor Analysis

Constructs and Items	Factor Loading
Inner Behavioral Loyalty ($\alpha = .853$, AVE = 61.647%)	
Even though grocery stores are available in many brands, I always use the same one.	.665
If I like a grocery store, I rarely switch from it just to try something different.	.564
I have been with my favorite store for a long time.	.871
I plan to continue relying on my favorite store for a long time.	.846
Outer Behavioral Loyalty ($\alpha = .843$, AVE = 86.616%)	
I say positive things about my favorite store to others.	.877
I encourage friends and relatives to use my favorite store.	.770
Affective Loyalty ($\alpha = .877$, AVE = 59.492%)	
Once I get used to a store, I hate to switch.	.744
I feel a strong loyalty to my favorite store.	.837
I have developed some sort of emotional connection with my favorite store.	.745
Continued service from my favorite store gives me peace of mind.	.752
I'd like my current favorite store to be my permanent store.	.774
Cognitive Loyalty ($\alpha = .800$, AVE = 45.562%)	
Once I get to know a grocery store, I tend to use that store more often.	.539
For the time being, I am not looking for an alternative store.	.617
When I decide to stay with a store, I make sure that the store is a competent one.	.790
I am loyal to my grocery store because personnel at this store are very knowledgeable.	.704
Client loyalty in grocery stores is based on good reasons or experiences.	.697
Commitment ($\alpha = .905$, AVE = 66.430%)	
I am proud to be a client of my favorite grocery store.	.857
I feel a sense of belonging to my store.	.892
As far I am concerned no one could choose a better grocery store.	.814
I am very confident about the success of my store.	.765
I feel that I have a personal relationship with my grocery store.	.737

α = Cronbach coefficient alpha.

AVE = average variance extracted

Table 1 – Confirmatory Factor Analysis (Continued)

Constructs and Items	Factor Loading
Trust ($\alpha = .900$, AVE = 60.716%)	
I have complete faith in the integrity of the personnel at my store.	.786
I feel quite confident that my store will always try to treat me fairly.	.849
My grocery store has been frank in dealing with me.	.780
My store would never try to gain an advantage by deceiving its clients.	.810
My grocery store is trustworthy.	.807
I am sure that the offerings at my favorite grocery store are valuable ones.	.625
Opportunism ($\alpha = .865$, AVE = 57.097%)	
To accomplish its own objectives, my store might not provide me with the best benefits available.	.658
To accomplish its own objectives, my store sometimes promises to do things without actually delivering them	.716
My grocery store sometimes pretends that a service is of value to me, when in fact the store is looking out for itself.	.846
I think that my store does not care about me.	.811
My grocery store only cares about the money I pay.	.731
Familiarity ($\alpha = .861$, AVE = 53.865%)	
Compared to other people, I know a lot about grocery stores.	.904
Compared to most of my friends, I know a lot about grocery stores.	.915
I am familiar with many products offered by my favorite store.	.609
I know a lot about selecting products and services made available by grocery stores.	.666
I have a clear idea about what grocery stores should offer for me to get maximum satisfaction.	.473
Risk ($\alpha = .848$, AVE = 53.981%)	
I am concerned about making a mistake in choosing a grocery store.	.714
The decision to choose a grocery store involves high risk.	.829
If I have to switch my current store, I might lose some benefits I have already earned.	.793
I think that there is a hidden cost if I switch my current store.	.746
Switching among stores involves a cost in terms of time and effort.	.562
Communication ($\alpha = .853$, AVE = 54.661%)	
My store keeps me informed of new products.	.585
My store clearly explains the product features when I ask.	.738
When I make suggestions, the personnel working at my store always listen to my suggestions.	.798
If I want to, I can have detailed conversations regarding products and prices with personnel from my store.	.846
As far as I know, my store cares about receiving feedback from its customers.	.702
Involvement ($\alpha = .889$, AVE = 62.035%)	
I have great interest in grocery stores.	.849
Grocery stores are fascinating.	.879
I have a compulsive need to know more about grocery stores.	.783
I like to make comparisons between grocery stores.	.641
I like to talk to my friends about grocery stores.	.764
Shared Personal Values ($\alpha = .774$, AVE = 81.578%)	
In this business, unethical behaviors shouldn't be tolerated.	.989
In this business, using unethical advertising cannot be justified.	.608

α = Cronbach coefficient alpha.

AVE = average variance extracted

Table 1 – Confirmatory Factor Analysis (Continued)

Constructs and Items	Factor Loading
Shared Management Values ($\alpha = .725$, AVE = 41.815%)	
In this business, unethical behaviors shouldn't be tolerated.	.752
In this business, using unethical advertising cannot be justified.	.815
The way opportunistic stores try to get new customers is unethical.	.499
It is unethical to call a competitor's customers and try to convince them to switch stores.	.439
Satisfaction with Service ($\alpha = .908$, AVE = 72.680%)	
This is one of the best experiences with a grocery store I have ever had.	.729
This grocery store is exactly what I need.	.907
This grocery store has worked out as well as I thought it would.	.902
This grocery store has adequately fulfilled my expectations.	.860
Satisfaction with Employees ($\alpha = .876$, AVE = 64.131%)	
Employees at my current grocery store give me personal attention.	.809
Employees at my current grocery store know what they are doing.	.794
Employees at my grocery store are never too busy to respond to client requests promptly.	.839
Employees from my favorite grocery store are polite.	.760
Satisfaction Despite Competition ($\alpha = .896$, AVE = 68.407%)	
Compared to the other stores, my grocery store offers the best products.	.822
Compared to the other stores, my grocery store has the best reputation.	.828
Compared to the other stores, my stores gives customers the best satisfaction overall.	.860
I am satisfied with my decision to choose this store over all the other stores.	.797

α = Cronbach coefficient alpha.

AVE = average variance extracted

In order to apply the framework to store users in line with the purpose of this research, adult consumers were approached in a geographical area where 1) consumers have access to grocery stores carrying either national or local or both types of brands, 2) different requirements to get customer satisfaction in the short-term and gain customer loyalty, trust and commitment in the long-term can be scrutinized, and 3) consumers predominantly share a Hispanic ethnic background.

Numbering more than 50 million people, Hispanic consumers are the largest minority, approximately 16% of the U.S. population. Hispanic consumers represent several countries of origin in Latin America, in particular Mexico as well as countries in Europe and Asia. Despite the range of national origin, common demographics and similar ethnic traits are the basis for the official U.S. government designation of this large demographic segment as "Hispanic." Consumer researchers have generally studied Hispanics on the basis of the strong impact of cultural heritage on consumer behavior (Wadia, 1967), the constraints that the social majority imposes on minority ethnic groups to limit both consumption and opportunities for self-fulfillment and psychological well-being (Hirschman, 1985), and the situational effects, such as social surroundings and product type, that moderate the relationship between felt ethnicity and consumer behavior (Stayman & Deshpande, 1989). We assume in this study that Hispanic consumers may demonstrate social and situational differences in the way they get customer satisfaction, trust others in the society, commit to others, and become loyal customers.

Only heads of households and/or adults who acknowledged having shopping experience were interviewed. The actual sample included 362 store customers. Table 2 summarizes the sample profile. About 62% are women, 45% married, and 41% older than 30 years.

Table 2 – Sample Profile

Characteristics	Percentages
Gender	
Males	38.3
Females	61.7
Marital Status	
Married	44.8
Single	46.4
Divorced or Separated	8.8
Age	
20 years or less	4.7
Between 21-30 years	54.2
Between 31-40 years	15.8
Between 41-50 years	15.0
50 years or more	10.3

4. Results and Discussion

4.1 Results on the Measures Used

Table 1 shows all the constructs measured including the items used, their factor loadings, their reliability coefficients (α), and the average variance explained (AVE). The items representing cognitive, affective, and behavioral loyalty loaded as expected in corresponding constructs, with a minor exception. Behavioral loyalty reflected two components, an inner and an outer tendency of behavioral loyalty as best described by the items themselves (see Table 1). All four constructs reflecting customer loyalty show high reliability coefficients (above .80) and significant average variances explained. As a result, customer loyalty is a second-order factor derived from four constructs.

Similarly, the items representing customer commitment and trust and the items reflecting the three types of satisfaction (with the service, with employees, and with the competition) loaded as expected with reliability coefficients above .85 and average variance explained above 67%. Customer satisfaction is a second-order factor derived from three constructs.

Both sets of constructs, loyalty and satisfaction were further analyzed using structural equation modeling to obtain corresponding second-order factors and a simultaneous fit of the model. Figure 2 shows the well-fitted second-order constructs of customer loyalty and satisfaction and the resulting overall fit of the model representing the explanation chain.

Table 3 reports on the model fit measures including CFI = .920, NFI= .863, Chi Squared (692) = 1,520.621 at $p = .000$, RMSEA= .058, and SRMR= .073. These are all plausible goodness of fit results. Both Figure 2 and Table 3 also show the explained variances of Trust ($R^2 = .617$), Commitment ($R^2 = .728$), and Loyalty ($R^2 = .729$), denoting high levels of explanation, before additional variables are considered in the model.

In contrast, data from a sample of non-Hispanic consumers (not reported in this paper) shows slightly weaker explanatory results for Trust ($R^2 = .567$), Commitment ($R^2 = .708$), and Loyalty ($R^2 = .687$).

4.2. Results on the Loyalty Process

Tables 4 and 5 quantify the loyalty process relationships charted in Figure 1. Table 4 shows the mutual relationships among all constructs. All core variables are highly and positively related at $p < 0.01$ level. Similarly, all moderating factors are significantly related at $p < 0.01$, except for 4 relationships (commitment – opportunism; commitment - shared personal values; shared personal values – store familiarity; shared manager values – perceived risk) that are significant at $p < 0.05$, and 6 relationships out of 29 (opportunism - shared management values; opportunism - shared personal values; opportunism – consumer involvement; shared personal values - communication; shared personal values - perceived risk; shared personal values - consumer involvement) that are not significant.

Finally, all core variables are significantly related, though not always positively, to all moderating factors at $p < 0.01$. Opportunism is negatively related to all core variables signifying the counter-effect of an "egoist" trait to the relational properties of loyalty, commitment, trust and satisfaction.

Table 5 shows the joint effects of the independent variables on the dependent variable, loyalty, using hierarchical moderated regression analysis with one-tailed test for significance when testing for the various effects. Three models are used in order to observe the separate effects of groups of variables starting with the core variables (Model 1), following with the moderating variables (Model 2), and finishing with simple interaction terms between a core variable and a moderating variable (Model 3).

Notably, the core variables explain a relatively high R^2 coefficient (.607) for customer loyalty to the store (Table 5, Model 1) whereas the moderating variables impact loyalty only to some extent (ΔR^2 is .017) as seen in Model 2. With that advantage, the interaction terms increase the coefficients to .637 ($\Delta R^2 = .015$) as shown in Model 3, indicating a minor presence of sub processes in the overall process of generating and sustaining customer store loyalty.

The moderating effects of shared personal values interacting with trust in Model 3 are particularly notable. Shared personal values significantly and negatively interact with customer trust. When shared personal values are present, the role of trust becomes reduced. The more personal value is shared by the customer, the less trusting to the store is the customer.

In contrast, data from a sample of non-Hispanic consumers (not reported in this paper) shows similar results although the impact of the core variables on customer loyalty is slightly lower (.555); the additional effect of the moderating factors is also weaker ($R^2 = .582$) despite a greater increase in effects (ΔR^2 is .027); and the additional effect of meaningful interactions is little ($R^2 = .597$) despite a significant interaction Trust – Shared Personal Values ($-.072^{***}$) which produced a slightly greater increase in overall effects (ΔR^2 is .015).

Table 3 – Fitting of Results to the A-V Explanation Chain (see Fig. 2)

Measurement Parameter Estimates (Standardized)							
Factor Loadings				Error Variances			
$\lambda_{\text{Sat_E1}}$	.821***	$\lambda_{\text{Lo_BI1}}$	.715***	$\epsilon_{\text{Sat_E1}}$	.064***	$\epsilon_{\text{Lo_BI1}}$	.086***
$\lambda_{\text{Sat_E2}}$	.802***	$\lambda_{\text{Lo_BI2}}$	.573***	$\epsilon_{\text{Sat_E2}}$	.050***	$\epsilon_{\text{Lo_BI2}}$	.138***
$\lambda_{\text{Sat_E3}}$	.813***	$\lambda_{\text{Lo_BI3}}$	.894***	$\epsilon_{\text{Sat_E3}}$	.067***	$\epsilon_{\text{Lo_BI3}}$	.054***
$\lambda_{\text{Sat_E4}}$	.766***	$\lambda_{\text{Lo_BI4}}$	.913***	$\epsilon_{\text{Sat_E4}}$	.058***	$\epsilon_{\text{Lo_BI4}}$	.046***
$\lambda_{\text{Sat_S1}}$	.742***	$\lambda_{\text{Lo_BO1}}$	.858***	$\epsilon_{\text{Sat_S1}}$	.068***	$\epsilon_{\text{Lo_BO1}}$	.086***
$\lambda_{\text{Sat_S2}}$	.891***	$\lambda_{\text{Lo_BO2}}$	.854***	$\epsilon_{\text{Sat_S2}}$	.037***	$\epsilon_{\text{Lo_BO2}}$	.103***
$\lambda_{\text{Sat_S3}}$	.892***	$\lambda_{\text{Lo_A1}}$	.746***	$\epsilon_{\text{Sat_S3}}$	.031***	$\epsilon_{\text{Lo_A1}}$	.114***
$\lambda_{\text{Sat_S4}}$	.880***	$\lambda_{\text{Lo_A2}}$	.850***	$\epsilon_{\text{Sat_S4}}$	.029***	$\epsilon_{\text{Lo_A2}}$	.068***
$\lambda_{\text{Sat_C1}}$	.820***	$\lambda_{\text{Lo_A3}}$	.719***	$\epsilon_{\text{Sat_C1}}$	.043***	$\epsilon_{\text{Lo_A3}}$	.127***
$\lambda_{\text{Sat_C2}}$	.812***	$\lambda_{\text{Lo_A4}}$	.744***	$\epsilon_{\text{Sat_C2}}$	.047***	$\epsilon_{\text{Lo_A4}}$	.089***
$\lambda_{\text{Sat_C3}}$	.867***	$\lambda_{\text{Lo_A5}}$	.784***	$\epsilon_{\text{Sat_C3}}$	.034***	$\epsilon_{\text{Lo_A5}}$	.081***
$\lambda_{\text{Sat_C4}}$	.807***	$\lambda_{\text{Lo_C1}}$	.571***	$\epsilon_{\text{Sat_C4}}$	.047***	$\epsilon_{\text{Lo_C1}}$	.095***
λ_{Trust1}	.809***	$\lambda_{\text{Lo_C2}}$	.645***	ϵ_{Trust1}	.058***	$\epsilon_{\text{Lo_C2}}$	.117***
λ_{Trust2}	.844***	$\lambda_{\text{Lo_C3}}$	.704***	ϵ_{Trust2}	.045***	$\epsilon_{\text{Lo_C3}}$	.082***
λ_{Trust3}	.774***	$\lambda_{\text{Lo_C4}}$	.769***	ϵ_{Trust3}	.053***	$\epsilon_{\text{Lo_C4}}$	.091***
λ_{Trust4}	.793***	$\lambda_{\text{Lo_C5}}$	.655***	ϵ_{Trust4}	.065***	$\epsilon_{\text{Lo_C5}}$	.083***
λ_{Trust5}	.805***			ϵ_{Trust5}	.046***		
λ_{Trust6}	.620***			ϵ_{Trust6}	.079***		
λ_{Comt1}	.848***			ϵ_{Comt1}	.048***		
λ_{Comt2}	.861***			ϵ_{Comt2}	.049***		
λ_{Comt3}	.801***			ϵ_{Comt3}	.069***		
λ_{Comt4}	.798***			ϵ_{Comt4}	.054***		
λ_{Comt5}	.757***			ϵ_{Comt5}	.088***		
Structural parameter estimates		Gamma (γ's)					
$\gamma_{\text{Satisfaction-Trust}}$		.785***					
$\gamma_{\text{Trust-Commitment}}$		.853***					
$\gamma_{\text{Commitment-Loyalty}}$		.854***					
Second order factors				Second order factors		Gamma (γ's)	
$\gamma_{\text{Loyalty-Loy_BInner}}$		.773***		$\gamma_{\text{Satisfaction-Sat_E}}$		.867***	
$\gamma_{\text{Loyalty-Loy_BOuter}}$		.727***		$\gamma_{\text{Satisfaction-Sat_S}}$		.868***	
$\gamma_{\text{Loyalty-Loyal_A}}$		.954***		$\gamma_{\text{Satisfaction-Sat_C}}$		.946***	
$\gamma_{\text{Loyalty-Loyal_C}}$		.931***					
Explained variances:		$R^2_{\text{Trust}} = .617***$		$R^2_{\text{Commitment}} = .728***$		$R^2_{\text{Loyalty}} = .729***$	
Goodness of fit							
$X^2(692) = 1520.621, p = .000$							
RMSEA = .058							
SRMR = .073							
NFI = .863							
CFI = .920							
TLI = .914							

*** p<.001 (two-tailed)

Table 4 – Correlations Matrix

Variable	1	2	3	4	5	6	7	8	9	10	11	12
1. Loyalty	1.00											
2. Commitment	.751**	1.00										
3. Trust	.681**	.757**	1.00									
4. Satisfaction	.620**	.639**	.709**	1.00								
5. Opportunism	-.154**	-.135*	-.281**	-.263**	1.00							
6. Shared P. Values	.152**	.107*	.219**	.243**	-.083	1.00						
7. Shared M. Value	.148**	.194**	.228**	.296**	-.082	.369**	1.00					
8. Communication	.478**	.518**	.544**	.636**	-.259**	.097	.274**	1.00				
9. Store Familiarity	.529**	.540**	.481**	.551**	-.078	.128*	.155**	.482**	1.00			
10. Store Choice	.323**	.404**	.381**	.310**	.162**	.197**	.205**	.262**	.342**	1.00		
11. Perceived Risk	.215**	.329**	.169**	.257**	.243**	.016	.131*	.302**	.324**	.140**	1.00	
12. C. Involvement	.333**	.471**	.310**	.369**	.048	.001	.198**	.535**	.520**	.203**	.548**	1.00

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Table 5 – Regression Results: Explanation Chain and Moderating Factors

Dependent Variable:	MODEL 1 ^a		MODEL 2 ^b		MODEL 3 ^c	
	b	t-value	b	t-value	b	t-value
Customer Loyalty						
Constant	18.190***	5.761	16.033***	3.615	-3.974	-.202
Commitment	1.414***	9.803	1.426***	9.047	1.243*	1.814
Trust	.461***	3.082	.412***	2.647	1.255	1.557
Satisfaction	.262***	3.520	.178**	2.283	.163**	2.043
Opportunism			.083	.832	.204	.366
Shared Personal Values			.192	.955	1.620*	1.778
Shared Management Values			-.146	-1.231	-.501	-.813
Communication			.149	1.064	.625	1.118
Familiarity			.442***	3.351	.007	.010
Product Choice			-.168	-.772	-.447	-.599
Perceived Risk			-.080	-.782	-.052	-.106
Consumer Involvement			-.175*	-1.631	.558	1.173
Trust x Opportunism					-.004	-.275
Trust x Shared P. Values					-.050*	-1.707
Trust x Shared M. Values					.027	.954
Trust x Communication					-.017	-.939
Trust x Familiarity					-.014	-.530
Commitment x C. Involvement					-.029	-1.567
Commitment x Shared M. Values					-.019	-.671
Commitment x Familiarity					.036	1.426
Commitment x Product Choice					.014	.470
Commitment x Perceived Risk					.000	-.024
R²	.607		.624		.637	
F	184.241		52.894		28.371	
ΔR²	.017		.017		.013	

^a Core variable effects

^b Moderating variable effects

^c Two-way interaction effects

* p<.10, ** p<.05, *** p<.01 (one-tailed test for hypothesized relationships).

5. Conclusions

In response to the first research question—*What are the critical components of an explanation chain of customer loyalty?*—this research found that the impact of satisfaction, trust, and commitment on customer loyalty is sequential in the form of an explanation chain. A satisfactory experience with the store services and employees generates customer trust, which in turn produces relationship commitment between the customer and the store, which in turn results in customer loyalty in the long term. By testing an explanation chain, this study contributed an account of how store users become loyal to the store. It was found that the process of providing customer satisfaction and generating customer loyalty in stores is dependent on the core factors of the V-A approach used, in particular commitment and trust, the necessary mediating variables of the satisfaction-loyalty link.

In response to the second research question—*What are the significant moderators of the relationships taking place in the explanation chain?*—the effect of trust can be mildly reduced by the prevalence of shared personal values in customers' behavior. Yet, an attempt to uncover other moderating effects using the other seven potential factors did not result in additional explanation. The results show that many other variables affecting customer loyalty may be mild at the best, not directly but indirectly, and not to the level of effects caused by the core variables, satisfaction, trust, and commitment in this sequential order.

In response to the third research question—*How similar or different are Hispanic consumers in the way they become loyal to the stores they patronize?*—this study shows non-significant differences in the way the process of generating and maintaining customer loyalty takes place. Both Hispanic consumers and non-Hispanic consumers become loyal customers following the path suggested by the explanation chain; however, Hispanic consumers reflect higher levels of satisfaction, trust, commitment, and loyalty than those reported for non-Hispanic consumers. For both groups of consumers, the core variables significantly impact the generation of customer loyalty while other variables, such as the moderating variables explored in this research, have a negligible impact.

There are practical consequences of this research on the understanding of loyalty formation among store customers and the management of the store seeking to develop long-term relationships with buyers. Customer satisfaction alone will not result in customer loyalty, unless managers are complacent about repeated purchase (spurious loyalty) in a context of little or no competition. In today's environment of increasing competition among stores, earning "true" customer loyalty is required; additionally, attaining customer trust and commitment is an essential component in the path to reach customer loyalty in the long term.

This study is limited by the sample and the use of eight moderating factors. More representative sampling and additional moderating variables may capitalize on the properties of the V-A approach to a greater extent to explain "true" loyalty more fully and, at the same time, understand customer store loyalty more thoroughly.

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