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PAPER

ANALYSIS OF FACTORS AFFECTING CUSTOMER RETAILER LOYALTY IN THE TURKISH FOOD MARKET: THE CASE STUDY OF ERZURUM

ANALISI DEI FATTORI CHE INFLUENZANO IL RAPPORTO FIDUCIARIO TRA RIVENDITORE E CONSUMATORE NEL MERCATO ALIMENTARE TURCO: IL CASO DI ERZURUM

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ABSTRACT

Increasing competition and slow growth in the Turkish food market have increased the need for retailers to use marketing strategies focused on retaining current customers and attracting new ones. To reach these aims, retailers have been trying to enhance their customer loyalty through retention programs and relationship marketing strategies. The aim of this study was to determine the most salient factors affecting customer retailer loyalty by using factor analysis and then to identi-

RIASSUNTO

L'incremento della concorrenza e la lenta crescita del mercato alimentare turco hanno accresciuto la necessità dei rivenditori di adottare strategie di mercato focalizzate sul mantenimento della clientela attuale e sull'attirare nuova clientela. A tale scopo, i rivenditori hanno tentato di migliorare la fedeltà dei propri consumatori attraverso programmi di mantenimento e strategie di relazioni di mercato. Lo scopo di questo studio era quello di determinare, utilizzando un fattore di analisi, i

- Key words: customer retailer loyalty, factor analysis, k-means cluster analysis, market segmentation -

fy consumer group profiles by k-means cluster analysis. The results showed that satisfaction with the product and store image in Cluster 1, satisfaction with the sales process and perceived service quality in Cluster 2, and variety seeking in Cluster 3 were the most prominent retailer attributes that affected consumer retailer loyalty. The results of this study provide insights into understand interrelationships among retailer attitudes, preference values and attitudes of Turkish consumers, and could be used to develop marketing strategies and more effective policies to improve customer retailer loyalty in Turkey.

principali fattori che influenzano la fedeltà del consumatore al rivenditore, e quello di identificare profili di gruppi di consumatori attraverso l'analisi dell'algoritmo di clustering. I risultati ottenuti mostravano che i principali attributi del rivenditore che influenzavano la fedeltà del consumatore erano: la soddisfazione per il prodotto e l'aspetto estetico del negozio per il cluster 1; la soddisfazione per il processo di vendita e la percezione della qualità del servizio per il cluster 2; la ricerca della varietà (scelta) per il cluster 3. I risultati di tale studio forniscono una visione approfondita per comprendere le interrelazioni tra le attitudini dei rivenditori, le preferenze e le attitudini dei consumatori turchi, e potrebbero essere utilizzate per lo sviluppo di strategie di mercato e politiche più efficaci per migliorare la fedeltà al rivenditore da parte del consumatore in Turchia.

INTRODUCTION

Increasing competition and slow growth in the Turkish food market have stimulated retailers to use marketing strategies that are focused on retaining current customers and attracting new ones (TOPCU and ISIK, 2007). However, a strategy that is effective for acquiring new customers may not be the most effective for retaining existing customers. Today many retailers are trying to enhance their customer loyalty through retention programs and relationship marketing strategies (YI and LA, 2004). Customer loyalty is very important to the retailer, because it provides a continuous flow of profit, reduces marketing costs and increases referrals and price premiums. Loyal customers are not easily convinced by the promotional efforts of competitors (REICHHELD, 1996; SIROHI *et al.*, 1998; REINARTZ and KUMAR, 1999; YI and JEON, 2003).

Most importantly, loyal customers form a stable pool for the products or services of a retailer. A small shift in customer retention rates can make a large difference in earnings, and this influence accelerates over time (WALLACE *et al.*, 2004). Most research to determine customer loyalty characteristics have defined loyalty as usually choosing the same brand, a high incidence of a positive word of mouth, frequent repurchase intention and willingness to pay higher prices. There is a strong link between loyalty and profitability. Practically, there is a difference between the cost of getting new customers and the cost

of keeping existing customers; it has often been demonstrated that it is important to enhance existing customer loyalty (WRIGHT and SPARKS, 1999; YI and LA, 2004).

In past decades, retailers used manufacturer brands to generate consumer interest, sponsors and loyalty. However with increased competition, retailers have begun to compete with manufacturers by offering their own store brand in order to enhance their relative marketing power and acquire a share in the total profit pie (TOPCU *et al.*, 2007). The increase in retailer brands has become one of the most important trends in Turkish food retailing.

This store-brand strategy could help retailers attract customers and create loyalty to the store by offering exclusive product lines and premium products (CORSTJENS and LAL, 2000). This strategy could also help retailers to project a lower-price image, increase their bargaining power with manufacturers and producers of major national brands, and have more control over their shelf space (DUNNE and NARASIMHAN, 1999). With the overwhelming success of some store brands in Europe (e.g. Marks and Spencer, Asda, Tesco, Carrefour, Migros, etc.), there is great interest in strong store brands. For example, retailer concentration and share of strong store brands are 86% and 45% in Switzerland, 65% and 30% in Germany, 80% and 25% in Belgium and 89% and 17% in Denmark, respectively, while there are 26% and 4% in Turkey (ACNIELSEN, 2005; TOPCU, 2006). Therefore, the cumulative power carried by these retailers and their store brands is very significant.

Customer loyalty encompasses loyalty to the retailer as well as brand loyalty; which has been extensively studied (RAJU *et al.*, 1990; OLIVER, 1997, 1999; ODEKERKEN *et al.*, 2003; GREWAL *et al.*, 2004). In contrast, little research has been conducted on the critical role of customer loyalty to the retailer (JOHNSON *et al.*, 1997; HOMBURG and GIERING, 2001; YI and LA, 2004; LIU, 2007; OLSEN, 2007).

Customer loyalty to the retailer is of extreme interest to merchants, because high customer acquisition costs are difficult to recover without repeat purchasing. Due to increased competition and minimal customer switching costs, it has become increasingly difficult to retain customers (SRINIVASAN *et al.*, 2002).

In light of these current developments, retailers have been trying to develop marketing strategies that create loyalty in existing and new customers within the Turkish food sectors. It is important for retailers to measure the effectiveness of these strategies on customer loyalty and to apply the ones that are appropriate for the target customer group.

In this study, the relationships between retailers and loyal customers in the Turkish food market, have been determined and the factors that influence customers have been investigated. The target market has been divided into segments according to the socioeconomic and demographic characteristics of the customers.

MATERIAL AND METHODS

The preliminary data of the present research were obtained from a survey conducted in Erzurum[1], Turkey. To determine the sample size, while minimizing sample bias and representing the population correctly, the city centre was divided into four districts: the east-side (Kazimkarabekir district) with 17,976 households, the west-side (Dadaskent district) with 6,562 households, the north-side (Palandoken district) with 30,022

[1] Erzurum (39°45'N latitude and 41°15'E longitude) is on the Silk Road, and is located in the north-eastern region of Turkey. Erzurum is one of the biggest provinces in the region with a total population of 962,000; 402,000 live in the city centre.

households, and the south-side (Yakutiye district) with 26,099 with households (ANONYMOUS, 2007).

To determine the sample size for each district, the following formula was used (TOPCU, 2006; YILDIZ *et al.*, 2006; TOPCU and ISIK, 2008):

$$n = \frac{Z^2 * p * (1-p)}{c^2} = 250$$

Where;

n = sample size;

Z = Z value (1.96 used for 95% confidence level);

p = percentage making a choice (0.8 used for sample size needed);

c = confidence interval (used 0.05=±5).

Then, based on the population of each district, the weighted sample size and survey distribution for each district were determined proportionally. The number of questionnaires allocated to the Dadaskent, Kazimkarabekir, Yakutiye and Palandoken districts were 20, 56, 81 and 93, respectively, for a total of 250.

A simple random sampling method (i.e., each member of the population has an equal chance of being chosen) was used to select the consumer households in each district that received the final questionnaire. Each district was divided into sub-districts and then, a face-to-face survey method was used with randomly selected heads-of-households (either wife or husband) in various parts of the sub-districts. The survey was conducted in the home or at the shopping centres.

Survey participants were asked to respond to each statement, indicating the level of significance the food attribute had for them, using a Likert-format 1-5 scale (where 1 refers to the least important, and 5 refers to the most important attributes). Of the 29 attributes, four were related to the shopping environment (store traffic, position of food departments, better service and indoor design), nine were related to the store facilities (the number of check-out counters, the possibility for group shopping, the presence of a cafe, restaurant, recreation place and children's playground, store size, packaging service, opening and closing hours, availability of parking and store location), three were related to the increasing sales activities (brand/store promotion and advertisement, advantage/club-card and possibility of payment by installment), five were related to individual preferences (product freshness, alternatives of price and brand, price-quality relationship and customer experience) and eight were related to store image (natural, hygienic, health and product quality, store-brand, brand names, product diversification and customer profile).

Each question was reduced to a single statement to which responses were collected using the Likert scale described above. Demographic and socioeconomic information (gender, age, occupation, education, consumer food expenditure and income levels) was also gathered in the survey.

After editing and coding, the data were first analyzed by factor analysis to determine the main factors affecting customer loyalty. Cluster analysis was then used to classify the target consumer group using their demographic and socioeconomic characteristics. SPSS statistical software was used to perform these two analyses.

Factor analysis is a data reduction technique that reduces the number of variables used in an analysis by creating new variables (called factors) that combine redundancy in the data (SPSS 15.0, 2006).

The first step is to determine the number of relevant factors. Therefore, the factor analysis in this study reduced 29 attributes to five factors that had eigenvalues greater than 1.0 (determined by Principal Component Analysis[2] using Varimax rotation method[3]). Factor analysis

was used initially to identify the underlying dimensions that could explain the correlation among a set of retailer attributes and the associated preference values. In addition, the factor analysis was conducted to identify the attributes that accounted for a relatively large proportion of variance in the sample. This subset was then used for consumer segmentation.

In the second step of the analysis, the k-means cluster analysis was used. Clustering algorithms can be classified into two categories: hierarchical and non-hierarchical. Hierarchical clustering algorithms start with "n" clusters, equal to the number of observations, and proceed until all observations are in one cluster. In non-hierarchical clustering, the researcher specifies the number of clusters in the data set *a priori* (SPSS 15.0, 2006). In this study, preference values between five factors and three customer clusters were identified. Since, the number of clusters could be specified; non-hierarchical k-means clustering was used.

The final step was to use cross-tabulations to examine the distribution of the clusters in relation to the three-food expenditures and income levels, and the demographic and socioeconomic attitudes. A χ-square independence test was conducted for each of the clusters to determine whether there was a relationship between the personal characteristics and their positions in each group. If $p \geq 0.05$, the null hypothesis was accepted, which means that the demographic characteristics and their position levels were statistically independent (YILDIZ *et al.*, 2006).

RESULTS

Factors affecting customer loyalty and preference values

Kaiser Normalization compares partial correlation coefficients with the observed ones. The value was calculated to be 0.92, which means that data sets were perfect for factor analysis because the test score was greater than 0.50.

The results of principal component analysis for the first factors with eigenvalues greater than 1.0 are shown (Table 1). The first five factors accounted for 65.32% of the total variance. Factor 1, which accounted for 40.5% of the total variance, was dominated by attributes that related to store traffic, position of food department, the number of checkout counters, store promotion, better service, indoor design and group shopping possibility. Hence, Factor 1 is associated with the satisfaction with the sales process. Factor 2 accounted for 10.26% of the total variance, and was dominated by the presence of a café, restaurant, recreation place and children's playgrounds, store size, packaging service, store opening and closing hours, availability of parking, customers' good experiences about the store and location. Factor 2, therefore, is associated with the perceived quality of service.

Factor 3 accounted for 6.20% of the total variance, and was dominated by six attributes: natural, hygienic, safe, and fresh food, sensory quality and perceived food value. This factor is more related to customer satisfaction with the product. Factor 4 accounted for 4.68% of the total variance; it was dominated by the attributes of price and brand alternatives, and diversification of food products. Factor 4, therefore, was related to variety seeking. Factor 5 is related to store image consisting of store brand, customer

[2] A factor extraction method was used to form uncorrelated linear combinations of the observed variables. The first component has maximum variance. Successive component explain progressively smaller portions of the variance and are all uncorrelated with each other. Principal component analysis is used to obtain the initial factor solution. It can be used when a correlation matrix is singular.

[3] This method is an orthogonal rotation method that minimizes the number of variables that have high loading on each factor. It simplifies the interpretation of the factors.

Table 1 - Factors and correlated variable loadings.

Variables	Factors				
	F_1	F_2	F_3	F_4	F_5
Shopping convenience	**0.787**	0.228	0.299	0.014	-0.014
Food department position	**0.756**	0.289	0.279	0.073	0.151
The number of adequate check-out counters	**0.727**	0.255	0.145	0.042	0.296
Store promotion	**0.704**	0.192	-0.067	0.269	0.355
Better service presentation	**0.660**	0.164	0.337	0.097	0.083
Indoor design of store	**0.624**	0.508	0.029	0.230	0.181
Group shopping possibility	**0.525**	0.272	0.227	0.174	0.233
Availability of cafe, restaurant and recreation place	0.131	**0.823**	0.012	0.045	0.248
Availability of children's playground	0.131	**0.797**	0.010	0.111	0.282
Store size	0.021	**0.675**	0.204	0.367	0.176
Packaging service	0.444	**0.633**	0.306	0.022	0.149
Store opening and closing hours	0.360	**0.604**	0.216	-0.028	0.111
Availability of parking	0.421	**0.588**	0.138	0.192	0.083
To have good experience about the store	0.435	**0.574**	0.368	0.152	0.188
Location of the store	0.517	**0.522**	0.122	0.207	-0.112
Advantage card and instalment sale possibility	0.413	0.421	-0.122	0.151	0.355
Natural or biological products	0.061	0.152	**0.748**	0.045	0.288
Quality-price relation (perceived value)	0.108	-0.031	**0.746**	0.108	0.173
Hygienic product	0.192	0.137	**0.712**	0.266	0.005
Food safety and business guarantee	0.285	0.043	**0.691**	0.198	0.051
Product freshness	0.285	0.076	**0.690**	0.280	-0.019
Product quality (sensory quality)	-0.025	0.180	**0.552**	-0.073	0.523
Alternative prices for food products	0.020	-0.014	0.145	**0.866**	0.128
Alternative brand (store and manufacturer)	0.173	0.188	0.222	**0.701**	0.094
Product diversification	0.322	0.134	0.310	**0.556**	0.016
The store's own brand submission	0.213	0.301	-0.003	0.036	**0.766**
Customer profile	0.272	0.297	0.325	-0.079	**0.644**
Store or brand advertisements	0.415	0.301	0.081	0.096	**0.583**
Store name and prestige	0.427	0.338	0.198	0.112	**0.578**
Eigen-value	***11.736***	***2.974***	***1.799***	***1.357***	***1.075***
Share of explained variance (%)	***40.468***	***10.257***	***6.204***	***4.681***	***3.709***
Cumulative share of explained variance (%)	***40.468***	***50.725***	***56.929***	***61.610***	***65.319***
KMO (Kaiser-Meyer-Olkin) statistic					**0.916**

* Bold numbers indicate the largest loading for each variable.

profile, store-brand advertisement and store name and prestige and accounted for 3.71% of the total variance. These factors demonstrate different preference values related to customer loyalty.

The question arose as to whether certain consumer segments could be associated with these preference values and if so, how many consumers were in each segment and how were these segments related to the preference values listed above? These questions are addressed in the following section.

K-means clustering and customer segmentation

Three clusters had group means that could be explained reasonably. The final cluster centres and the number of cases in each cluster are shown in Ta-

ble 2. The total number of cases was 250. Cluster 1 (C1) was the largest group with 149 (59%) consumers. Consumers in this group cared more about satisfaction with the product (F3) and store image (F5). Cluster 2 (C2) was the second largest group, made up of 84 (34%) consumers. Satisfaction with the sales process (F1) and perceived service quality (F2) were the dominant factors for consumers in this group. As for Cluster 3 (C3), there were 17 (7%) consumers in this group, and variety seeking, including alternative brands and prices in the same product line and production diversification was the most important factor in their preference decisions.

Cross-tabulation between the consumer demographic and socioeconomic characteristics and the three cluster groups are shown in Table 3. These characteristics include gender, age, education, occupation, monthly food expenditure and income.

The results show that there were more female than male consumers in C1 and C2. C1 and C2 had the highest female/male ratios with 53% and 64%, respectively. The distribution of consumers based on age indicates the 25-34 and over 55 age-groups had the highest and lowest portions in all clusters, respectively. C2 had the largest ratio of the 15-24 age group (35%), while C1 and C3 had the largest ratios of the 25-34 age group (42% and 41%, respectively). As for the education levels of consumers, the lowest ratio in all the clusters was made up of literate (i.e., those who can read and write but do not have a diploma) people. Consumers with a college degree dominated C1 (44%) and C3 (35%), while high school graduates dominated in C2.

The occupational distribution among the clusters is as follows: blue-collar state workers, pensioners and the unemployed made up the lowest ratios in all the clusters. Students made up the second highest ratio in all the clusters, whereas white-collar state employees, housewives and small-scale retailers made up the highest ratios in C1 (24%), C2 (32%) and C3 (30%), respectively. The results related to household food expenditures show that those whose monthly food expenditures were between € 125 and € 250 dominated in all the clusters. As for income levels, those with more than € 750 income dominated in C1, whereas the respondents in C2 had an

Table 2 - Final cluster centres and the number of cases in each cluster.

Factor interpretation	Clusters[a]		
	C1	C2	C3
Satisfaction with the sales process (F1)	0.224	**0.341**	0.158
Received service quality (F2)	0.112	**0.854**	0.035
Satisfaction with the product (F3)	**2.117**	0.277	0.149
Variety Seeking (F4)	0.250	-0.154	**-1.356**
Store image (F5)	**0.615**	0.264	0.038
Number of cases in each cluster	***149***	***84***	***17***
% of total cases in each cluster	***59%***	***34%***	***7%***

* Final cluster centre scores are at 0.01 significant levels.
* Bold numbers indicate the largest final cluster centre scores for each factor.
The total number of cases (n): 250.
[a] The numbers in this table indicate final cluster centres. The final cluster assignment and Euclidian distance between the case and cluster centre used to classify the case are given for each case.

income less than € 375 and those in C3 had an income between € 375 and € 750. According to the χ-square test of independence, all of the demographic characteristics (except food expenditure) and their positions are statistically independent since $p \geq 0.05$ in all the groups for all the variables.

Table 3 - Demographic characteristics and cluster number of cross-tabulation cases.

Demographic characteristics		Number of cases in each cluster					
		C1 High-income professionals		C2 Low-income housewives		C3 Mid-income retailers	
		Number	**%**	**Number**	**%**	**Number**	**%**
Gender	Male	70	47	30	36	9	**53**
	Female	*79*	***53***	*54*	***64***	*8*	*47*
	χ^2 ***test of independence***			***(χ^2 =3.420 df = 2, p: 0.181)***			
Age Groups	15-24 age	38	26	29	**35**	5	29
	25-34 age	*63*	***42***	*17*	*20*	*7*	***41***
	35-54 age	37	25	28	33	3	18
	55- + age	*11*	*7*	*10*	*12*	*2*	*12*
	χ^2 ***test of independence***			***(χ^2 = 12.598, df = 6, p: 0.055)***			
Education	Literate	4	3	3	4	1	6
	First school	*29*	*19*	*19*	*23*	*5*	*29*
	High school	51	34	33	**39**	5	29
	College	*65*	***44***	*29*	*35*	*6*	***35***
	χ^2 ***test of independence***			***(χ^2 = 3.170, d f= 6, p: 0.787)***			
Occupation	White-collar state employee	9	**24**	3	19	2	1
	Blue-collar state worker	*36*	*7*	*16*	*5*	*2*	
	Businessman	10	6	4	4	0	12
	Small-scale retailer	*13*	*9*	*4*	*5*	*1*	***30***
	Pensioner	10	7	4	4	1	6
	Housewife	*4*	*23*	*26*	***32***	*1*	*16*
Student	35	21	25	29	5	18	*Unem-*
ployed	*32*	*3*	*2*	*4*	*5*	*6*	
	χ^2 ***test of independence***			***(χ^2 = 9.708, df = 14, p: 0.783)***			
Food Expenditure	Less than €125**	11	7	10	12	4	29
	Between €125 and €250	*92*	***62***	*45*	***54***	*8*	***38***
	More than €250	46	31	29	35	5	32
	χ^2 ***test of independence***			***(χ^2 = 9.821, df = 4, p: 0.044)****			
Income Groups	Less than €375**	35	4	45	**54**	0	0
	Between €375 and €750	*49*	*45*	*33*	*40*	*12*	***65***
	More than €750	65	**51**	6	6	5	35
	χ^2 ***test of independence***			***(χ^2 = 4.185, df = 4, p: 0.381)***			

** The prices of the products were converted from New Turkish Lira (NTL) to Euro (€) using the exchange rate on May 15, 2008. The conversion rate used was 1.95 NTL/€.
* $p<0.05$.

Characteristics of the cluster groups

The cluster profiles were determined on the basis of the final cluster centres of the factors and demographic characteristics of the consumers in each cluster. The main demographic characteristics of the C1 group are young people (25-34 age group) with higher education (college degree) and white-collar state employees with high income. This cluster is referred to as "young highly-educated and high income professionals". Satisfaction with the product, and store image were the most influential factors on retailer loyalty for those in C1.

The dominant demographic characteristics in C2 are the youngest age group (15-24 years old), high-school educated, and housewives with a low-income. C2 is referred to as "young educated low-income and housewives". The most important factors in C2 were satisfaction with the sales process and perceived service quality, which is a more specific judgment and a component of customer satisfaction. This factor has often been examined as an antecedent of repurchase intention. These factors focus on satisfaction with the service (OLIVER, 1993; IACOBUCCI *et al.*, 1995; YI and LA, 2004).

Finally, the respondents in the C3 group were mostly young (35-54 age group) and highly-educated and mid-income people and small-scale retailers. This group is referred to as "young highly educated and mid-income retailers". Variety seeking was the most important factor in this cluster.

DISCUSSION

The factors related to product and retailer satisfaction

The results show that there are cognitive and affective differences between customer satisfaction and retailer loyalty. Whereas satisfaction with the product and sales process, perceived service quality and store image have a positive influence on customer retailer loyalty, variety seeking has a negative effect on it.

Due to the positive relationship between satisfaction with the sales process and perceived service quality, these factors could be referred to as only one factor, satisfaction with the service (BITNER, 1990; CRONIN and TAYLOR, 1992; IACOBUCCI *et al.*, 1995). Since service quality and satisfaction with the sales process are antecedent to service satisfaction, this has a significant effect on repurchase intention. It might be useful to investigate the roles of service quality received and satisfaction with the sales process simultaneously (CRONIN and TAYLOR, 1992; YI and LA, 2004).

While satisfaction with the service had a positive relationship not only with satisfaction with the product and store image but also with retailer loyalty in all the clusters, particularly in C2, satisfaction with the product had a much stronger effect than satisfaction with the service in all the clusters, especially C1. These findings are supported by previous studies related to satisfaction with the product and service (ANDERSON *et al.*, 1994; RUST *et al.*, 1995; HALLOWEL, 1996; PATTERSON *et al.*, 1997; PRITCHARD *et al.*, 1999; HOMBURG and GIERING, 2001; YI and LA, 2004; OLSEN, 2007).

This study also provides same new insights about how store image and variety seeking affect customer retailer loyalty. The retailer's image and reputation have a strong positive effect on customer evaluation, purchase intention and satisfaction (DHAR and HOCH, 1997; GREWAL *et al.*, 1998; AHLUWALIA and GURHAN, 2000). In other words, store image has a positive effect on the link between customer satisfaction and loyalty. When compared with the results of

earlier research (CORSTJENS and LAL, 2000; AILAWADI *et al.*, 2001; AILAWADI and HARLAM, 2004), the results of this study show that store image had a positive influence on customer retailer loyalty, especially in C1.

The phenomenon of variety seeking is a much-discussed topic. The basic idea behind the concept of variety seeking is that under certain conditions everyone needs variety in daily life. As customers seek variety, they have desires and needs that cannot be filled by a single brand. Therefore, customers seek variety in product choices in order to avoid monotony and boredom (FEINBERG *et al.*, 1992; MENON and KAHN, 1995; HOMBURG and GIERING, 2001).

In light of this theoretical information, variety seeking has a negative effect on the other factors. The impact of satisfaction with the service for variety is weaker than satisfaction with the product for people with a strong drive. This finding is consistent with the current interpretation of variety seeking as an essentially motivated phenomenon; this means that the customer switches brands just for the sake of variety, irrespective of satisfaction with the current brand. Hence, customer drive for variety could influence the relationship between product satisfaction and loyalty. Because variety seeking is regarded as a product-related phenomenon, customers with a strong need for variety could express this intrinsic motivation in some product categories. No moderating effect of variety seeking is expected on the linkages between service satisfaction and loyalty.

Factors with respect to consumer demographic characteristics

Demographic characteristics are very important determinants of customer retailer loyalty. For example, when a consumer prefers a retail store for food products, the demographic characteristics reflect their psychological state, cultural values and buying attitudes. Many studies in the areas of consumer attitude and behaviour have neglected demographic factors and have shifted attention to psychological constructs (KALYANAM and PUTLER, 1997; ARENI *et al.*, 1998; REINARTZ and KUMAR, 1999). There is no doubt that these constructs can explain many of the individual-level phenomena better than general demographic factors. However, this study indicates that demographic characteristics such as gender, age, education, occupation and income play an important role in moderating the relationships between psychological and behavioural constructs.

Regarding the impact of gender on customer retailer loyalty, the results show that the purchasing behaviour of women is to be strongly influenced by their evaluation of personal interaction processes. Compared to men, women are more involved in purchasing activities and pay more attention to satisfaction with the service which involves consulting quality services of the sales personnel related to the sales process, to store image, and satisfaction with the product. In contrast, males are less involved in buying activities and are involved with taking care of variety seeking. A woman's decision to buy a food product at the same retailer is strongly influenced by her satisfaction with the product and service, and store image. On the other hand, a man's loyalty to a certain retailer is determined by alternative price and brand, and product diversification. These findings are supported by many other studies (SLAMA and TASHLIAN, 1985; ZEITHAML, 1985; JASPER and LAN, 1992; GILBERT and WARREN, 1995).

The results of this study show that age has an effect on customer retailer loyalty. Whereas the youngest customers focus on satisfaction with the service, mature and older customers are more influenced by satisfaction with the product and store image. Thus, when mak-

ing a buying decision, to purchase older respondents are likely to focus on their experience-based evaluation of the product's key attribute. Younger people do not rely so much on their satisfaction with the product itself; but rather, seem to base their decision primarily on the information provided by the sales person. These findings are consistent with other studies related to age (GILLY and ZEITHAML, 1985; ROEDDER and COLE, 1986; SMITH and BALTES, 1990; LIGHT, 1991; SORCE, 1995).

The relationship between retailer loyalty and satisfaction with the product and store image is stronger for respondents with high income than for those with mid-income. However, the relationship between satisfaction with the service and loyalty is weaker for customers with high income than for those with mid-income. In contrast, low-income people focus on variety seeking and their retailer loyalty is very low and has a negative effect. Hence, product satisfaction and store image is much more important for high income people. One reason could be the financial and health risk associated with the purchase of a poor-quality product. Another reason could be associated with social status and living standard. As a result people with a higher income have a higher level of education and a better job and they want to live on a higher social scale (ZEITHAML, 1985; MURRAY and SCHLACTER, 1990; SPENCE and BRUCKS, 1997). There is a strong correlation among income, education, and occupation (JACOBY and KYNER, 1973; SCHANINGER and SCIGLIMPAGLIA, 1981; SPENCE and BRUCKS, 1997).

CONCLUSIONS

In this study, the major factors affecting customer retailer loyalty in Erzurum, Turkey, were examined. Factor and k-means cluster analyses were used to determine the main factors that affect customer retailer loyalty and to cluster the customers based on the relative homogeneity of their attitudes. The results of this study show that satisfaction with the product including food quality and food safety attributes and store image are the factors that have the strongest effect on customer retailer loyalty in all the clusters but especially in C1. Satisfaction with the service derived from a blend of satisfaction with sales process and perceived service quality is the second-most important factor in all the groups, particularly in C2. The third most important factor, variety seeking, has a negative effect on retailer loyalty especially in C2 and C3.

Some demographic characteristics also affect consumer retailer loyalty. Using multiple group causal analysis, significant differences were found for each of the factors across the subgroups. While satisfaction with the product and service, and store image positively affected customer retailer loyalty, variety seeking had a negative effect on it. In addition, gender, age and income with a strong correlation between education and occupation had an important influence on retailer loyalty. The results of this study show the importance of the relationship between main factors and demographic characteristics in determining retailer loyalty.

In an attempt to build customer loyalty retailers should concentrate on providing food safety, sensory and perceived quality, hygiene and freshness, and engaging strategies such as private labelled products, and store/brand advertisements to satisfy the respondents of C1, (educated women, with high-income) who look for satisfaction with the product. Retailers should provide stronger service policies related to the sales process and service quality focused to retain current and attract new customers (C2), particularly women with low-income and average education who pay more attention to satisfaction with the service. The retailer should focus on more effective

price, brand and product diversification strategies for (C3) (highly-educated and mid-income men). Consequently, retailers should develop and implement marketing tactics and strategies that pay more attention to the relationships between the factors affecting customer loyalty and the demographic characteristics of the target customers.

Even though this study has some scientific merit for the academic, policy-making, and food manufacturing and retailing community, it also has some limitations. One limitation is that the survey was conducted in only one city that could not possibly represent all Turkish consumers of food products. The city of Erzurum does, however, give some indication of the direction in which other cities are moving. In future studies, this model could be expanded to include more specific foods and factors.

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