

# THE EFFECT OF CUSTOMER LOYALTY PROGRAM AND SERVICE QUALITY ON CUSTOMER LOYALTY: HYPERMARKET IN BANGKOK

**Xinman Huang**

xiaodao\_mandy@qq.com

**Phusit Wonglorsaichon, Ph.D.**

phusit\_won@utcc.ac.th

School of Business, University of the Thai Chamber of Commerce, Thailand

## **Abstract**

**Purpose** - The purpose of this study is to research the effect of customer loyalty program and service quality on customer loyalty and research whether commitment, trust and satisfaction as the role of mediators between customer loyalty program, service quality and customer loyalty in Bangkok hypermarket industry.

**Design/methodology/approach** - A quantitative research method was conducted in the this research, data were obtained from 400 available questionnaires, and the questionnaires were filled by the customers of hypermarket from an intercept survey by face to face, the main location is Big C and Tesco Lotus in Bangkok downtown. The structural equation model was used in the data analysis.

**Findings** - This study was found the customer loyalty program and service quality have the indirect impact on customer loyalty through the mediators of commitment, trust and satisfaction.

**Practical implications** - Manager of hypermarket should attach importance to their customer loyalty program and service quality, and then improve the commitment, trust and satisfaction, finally strengthen their customer loyalty and enhance the hypermarket's competitive powers.

**Originality/value** - This study suggested that customer loyalty program, satisfaction and trust act the role of mediators between customer loyalty program, service quality and customer loyalty, and it is the first time to apply this model in Bangkok hypermarket industry.

**Keywords** - Bangkok, hypermarket, customer loyalty, commitment, trust, satisfaction, loyalty program, service quality.

**Paper type** - Research paper

## **1. Introduction**

In the recent years, Thailand hypermarket is rapidly develop, especially in Bangkok which the capital city of Thailand, since hypermarket can provide a large variety of product such as food, meat and non-food products, customers can fulfill their variety needs in the hypermarket, many hypermarkets launch various marketing activities such as price promotion, coupon, reward in order to attract customer and occupy market share, so the competition among hypermarkets become very intense (Narathip, 2009). With the increasing competition of environment, customer loyalty becomes a popular research for researchers and scholars.

The description of hypermarket is a shopping mall combined supermarket and discount department store occupying 75,000-150,000 square feet in size and stocking more than 50,000 items, such as Wal-Mart, Tesco, Big C, and Carrefour (Berman and Evans, 2007; Watchravesringkan and Punyapiroje, 2011). These hypermarkets tend to develop similar strategies that attempt to improve customers' shopping experiences, such strategies have been conducted through diversified marketing activities, which include offering assortments of merchandise, providing quality products and services at relatively low prices, and developing retail promotional campaigns (Watchravesringkan and Punyapiroje, 2011).

With the increasing competition of hypermarkets, Customer loyalty becomes more and more important. Kaur and Soch (2013) believed that the loyal customers tend to purchase more goods than other people, and willing to spend more and are less sensitive to price increases. Moreover, loyal customers not only boost the value of the organization, but they also help to maintain a low cost compare with attracting new customers (Beerli, Martin and Quintana, 2004). Reichheld and Sasser (1990) indicated that companies can increase their profit almost 100 percent when they retain just 5 percent more of its customers. Therefore, research customer loyalty is very helpful to companies' competitiveness, especially for the hypermarket business which have many customer flow in everyday, managing customer loyalty properly is very important for companies' continuous development.

In the earlier research of customer loyalty, many researches focus on the relationship among the customer loyalty program, service quality and the customer loyalty. Such as Omar and Musa (2009) researched the effects of loyalty program's benefits in Malaysia's superstore, and found that the benefit provide from customer loyalty program which have a greatly helpful to the satisfaction, which in turn influenced customer loyalty. Bakti and Sumaedi (2013) investigated whether service quality influence customer loyalty directly and indirectly through satisfaction in the library industry of Indonesia, and the study result show that service quality had a direct effect on satisfaction, and indirectly influence library customer loyalty. Moreover, Ou, Shih, Chen, and Wang, (2011) also researched the relationship among customer loyalty program, service quality and customer loyalty in Taiwan department store, the result indicated the customer loyalty program partially supports a positive influence on customer loyalty, and service quality can affected the customer loyalty through the relationship quality and relationship commitment.

Linking these various researches, there have a powerful relevance among the customer loyalty program, service quality and customer loyalty in the different industries and counties. However, there are very few studies research on customer loyalty program and service quality's impact on customer loyalty in Bangkok hypermarket industry. Consequently, the study hopes to

research what's the effect of customer loyalty program and service quality on customer loyalty in the industry of hypermarket in Bangkok.

## **2. Literature review and hypotheses**

### **2.1 Customer loyalty**

Customer loyalty is described as a rebuy behavior toward a some brand consistently in the future, whatever the situation effect and marketing effort may cause the switching behavior, and even recommending the services and products to friends and associates (Oliver, 1999; McIlroy and Barnett, 2000). Customer loyalty increases the rebuy or repatronizes behavior because the loyal customers display a greater resistance to counter persuasion and negative word of mouth (Ou *et al.* 2011). Generally, there are primarily three different perspectives on customer loyalty: behavioral dimension, attitudinal dimension and composite dimension (Bowen and Chen, 2001; Gounaris and Stathakopoulos, 2004).

The behavioral loyalty refers to the behavior of customer who are repeat purchase the service or goods of the firm and maintain the relationships with the firm (Kaur and Soch, 2013), the existing literature pointed out the behavior of repeat purchase is an indicator of customer loyalty (Bowen and Chen 2001). However, Dick and Basu (1994) indicated that behavioral definitions are inadequate to explain the development and modification of loyalty, because high repurchase behavior may affect by situational constraints, such as inventory of store, and low repurchase behavior may easily affect by different usage scenarios, variety requirement, or lack of brand preferences within a buying unit. Attitudinal loyalty emphasized the loyalty level on the aspect of customer's psychological, it reflects emotional attachment inherent in loyalty, customer displays the attitudinal loyalty by recommend the firm or brand to other people in willingness, and engage in positive word-of-mouth communications (Kaur and Soch 2013; Bowen and Chen 2001; Kaur and Soch 2012). Attitudinal component is the antecedent to the repeat purchasing behavior and positive attitude are ensures the previous purchase behavior will continue (Odin, Odin and Valette-Florence, 2001; Bandyopadhyay and Martell, 2007). And a high attitudinal loyalty has a significantly helpful for maintenance of loyalty in the long-term (Dick and Basu, 1994). However, attitudinal scales are no longer based on the opposition of loyalty or disloyalty, but more tend to the degree of loyalty, it can't clearly distinguish the absolutely loyalty or not, just to know the intensity of loyalty (Odin *et al.*, 2001).

Thus, it's necessary combined the behavioral dimension and attitudinal dimension as customer loyalty. Dick and Basu (1994) emphasized than when research customer loyalty both attitudinal and behavioral dimensions are indispensable. And the composite dimensions on customer loyalty can be considered as customer's positive attitudes, intentions and repurchase behavior, all of them can be useful to measure the real loyalty (Shoemaker and Lewis, 1999; Rundle-Thiele, 2005). Similar to other scholars, this study proposed the definition of customer loyalty combines the behavioral dimension and attitudinal dimension (Kaur and Soch 2013; Dick and Basu 1994; Kaur and Soch 2012).

### **2.2 The direct antecedents of customer loyalty**

## **Commitment**

The research of commitment have been appear long time ago, Dwyer, Schurr and Oh (1987) defined the commitment as “implicit or explicit pledge of relational continuity between exchange partners”, and they indicated that commitment is the most advanced phase of the interdependence between buyer and seller, in this phase the exchange partner have achieved a level of satisfaction from the process of exchange, and mostly precludes other primary exchange partners who could provide the similar benefits. Furthermore, Morgan and Hunt (1994) defined the commitment as one exchange partner believe the relationship with another partner is very important and they will strive to maintain this relationship, moreover, this relationship commitment only exists when the committed parties consider their relationship is important.

Commitment can be recognized as an emotional link between the individual and the organization (Akehurst, Comeche and Galindo, 2009). It is an essential ingredient for successful long-term relationships (Dwyer *et al.*, 1987; Morgan and Hunt, 1994). In the analyses of Evanschitzky, Iyer, Plassmann, Niessing and Meffert (2006), the result shows that there is a powerful relationship between commitment and loyalty. Moreover, some research result also show that the higher customer’s relationship commitment the higher the customer loyalty (Ou *et al.* 2011). In addition, Kaur and Soch (2012) suggested that commitment has a significant relationship on attitudinal loyalty. In the study of Miller, Skudiene and Reardon (2013), the commitment considered as one element that influence customer loyalty. Furthermore, Ranganathan, Madupu, Sen and Brooks (2013) also confirmed that the affective commitment has a direct positive relationship with affective loyalty. Linking the various literatures, the hypothesis is in the following:

H0<sub>1</sub>: Commitment has no direct impact on customer loyalty.

H1: Commitment has a direct impact on customer loyalty.

## **Satisfaction**

Satisfaction was defined by some researchers as a positive emotional state after the evaluation of overall aspects of a party’s working relationship with another (Van Der Wiele, Boselie and Hesselink, 2002). Furthermore, Oliver (1999) was defined satisfaction was a pleasurable fulfillment. Specially, it was customer perceived that the consumption meets their expectations or requirements, and customer was fulfilled and pleasurable with this consumption. Therefore, Oliver (1999) considered satisfaction was the customer perceived pleasure or displeasure towards the outcomes that consumption provided. Moreover, according to Forneil (1992), the definition of satisfaction in his research described as an overall evaluation of perceived product or service performance based on customer’s total purchase and consumption experience.

Many existing literatures described the relationship between satisfaction and customer loyalty. Such as Yap, Ramayah and Shahidan (2012), suggested the satisfaction has a direct and positive effect on loyalty; Thomas (2013), considered that higher the satisfaction, higher customer loyalty; Moreover, Miller *et al.* (2013) indicated the customer loyalty is one of element

influence customer loyalty. Therefore, this study believes that there has a great association between satisfaction and customer loyalty. The hypothesis is in the following:

H0<sub>2</sub>: Satisfaction has no direct impact on customer loyalty.

H2: Satisfaction has a direct impact on customer loyalty.

## **Trust**

In former research, trust can be defined as “a willingness to rely on an exchange partner in whom one has confidence” (Moorman, Zaltman and Deshpande, 1992). Which means trust is customer’s voluntary and positive emotion that rely on his/her partner, and customer want to believe his/her partner. Morgan and Hunt, (1994), considered that trust as existing when one party has confidence in an exchange partner’s reliability and integrity, and trust is one of the key factors to affect the relationship between customer and firm. Furthermore, Delgado-Ballester and Munuera-Alema (2001) indicated that trust is a person believe that his or her behavior is lead and driven by favorable and positive intentions towards the well-being and benefit of his/her partner, then generated a security perception in mind. In the resent years, trust defined as a customer believe the service provider will deliver a promise and doing the best benefit for the customer, and believe service provider will doing the honest in their relationship (Yap *et al.*, 2012).

In the research of trust relationship, Chaudhuri and Holbrook (2001), found that trust can drive customer purchased more often and it can help generate a high degree of attitudinal loyalty, as a support, Kaur and Soch (2012) agreed that statement and indicated trust is one of the antecedents of customer loyalty. Yap *et al.* (2012) conceded that trust has a positive effect on customer loyalty and they think when customer generated a trust with selling organization, they should not only focus the present positive outcomes but also believe these positive outcomes will continue in the future. In addition, Miller *et al.* (2013) also indicated that trust is one of the direct factors that influence customer loyalty. Linking these literatures, the hypothesis is in the following:

H0<sub>3</sub>: Trust has no direct impact on customer loyalty.

H3: Trust has a direct impact on customer loyalty.

## **2.3 The indirect antecedents of customer loyalty.**

### **Customer loyalty program**

Customer loyalty program described as a coordinated and membership based marketing activity, which was designed to strengthen the establishing of continued marketing exchanges between customer and firm (Lacey and Sneath, 2006). In other word, a loyalty program is a marketing program that is aim to build customer loyalty by providing motivation to profitable customers (Yi and Jeon, 2003). Many retailers implicitly suggested that the aim of their loyalty program is to reward repeat purchasing (O’Malley, 1998). According to Wright and Sparks (1999), they considered that the biggest attraction for customer to join loyalty card program was the free rewards and benefits, such as money off coupons and accumulation of points.

According to the research of Omar and Musa (2009), the result indicated that the benefit provided in loyalty program was a driver of program satisfaction judgments, and that holds an important role in the formation of store loyalty, the satisfaction of loyalty program can prompt the loyalty card member become more loyal to the store. Furthermore, some researchers considered that customer loyalty program partly and positive affect the satisfaction and trust (Ou *et al.* 2011). On the other hand, the loyalty programmers membership has a significant impact on customer repeat purchase behavior (Meyer-Waarden, 2008). In addition, some researchers pointed out that some loyalty program such as through providing deep discounts may not directly or relatively less impact on long-term customer loyalty, but the loyalty program can help building the commitment (Evanschitzky *et al.*, 2006). In the research of Gomez, Arranz and Cillan (2006), the result indicated that customer participated in loyalty programs displays higher levels of positive attitude, satisfaction, trust and commitment than customer who doesn't participated. Linking these various voices and base on the previous hypothesis, this study hypothesizes that:

H0<sub>4</sub>: Customer loyalty program has no direct impact on satisfaction.

H<sub>4</sub>: Customer loyalty program has a direct impact on satisfaction.

H0<sub>5</sub>: Customer loyalty program has no direct impact on trust.

H<sub>5</sub>: Customer loyalty program has a direct impact on trust.

H0<sub>6</sub>: Customer loyalty program has no direct impact on commitment.

H<sub>6</sub>: Customer loyalty program has a direct impact on commitment.

H0<sub>7</sub>: Commitment is not the mediator between customer loyalty program and customer loyalty.

H<sub>7</sub>: Commitment as the mediator between customer loyalty program and customer loyalty.

H0<sub>8</sub>: Satisfaction is not the mediator between customer loyalty program and customer loyalty.

H<sub>8</sub>: Satisfaction as the mediator between customer loyalty program and customer loyalty.

H0<sub>9</sub>: Trust is not the mediator between customer loyalty program and customer loyalty.

H<sub>9</sub>: Trust as the mediator between customer loyalty program and customer loyalty.

## **Service quality**

In the recent years, service quality has become a main object of attention among practitioners, managers and researchers, because it displays a significant impact on business

performance, cost saving, customer's satisfaction, customer loyalty and profitability (Seth, Deshmukh and Vrat, 2005). In certain research, service quality can be defined as the evaluation of relational service (or customer service) and enabling service characteristic, such as convenient branch locations, operating hours and range of services (Yap *et al.*, 2012). However, it is widely acceptable that service quality is a form of customer attitude, it depends on the function of the discrepancy between service performance and expectation, and it also related to a focused evaluation that reflects the customer appraisal concerning the element of service (Bakti and Sumaedi, 2013).

Jang and Namkung (2009) considered that customer perception of service quality has a positive impact on customer's emotion, because the tangible and intangible characteristic of service quality plays a role as a motivation to affect customer's emotional state. Moreover, some researchers demonstrated that service quality has a direct positive relationship with satisfaction (Ranganathan *et al.*, 2013). However the other literatures suggested that service quality was positively impact the degree of customer's satisfaction and trust (Ou *et al.* 2011). In addition, Yap *et al.* (2012) indicated that service quality has a direct and positive effect on satisfaction. Linking these existing views and base on the previous hypothesis, the hypothesis is in the following:

H0<sub>10</sub>: Service quality has no direct impact on satisfaction.

H1<sub>0</sub>: Service quality has a direct impact on satisfaction.

H0<sub>11</sub>: Service quality has no direct impact on trust.

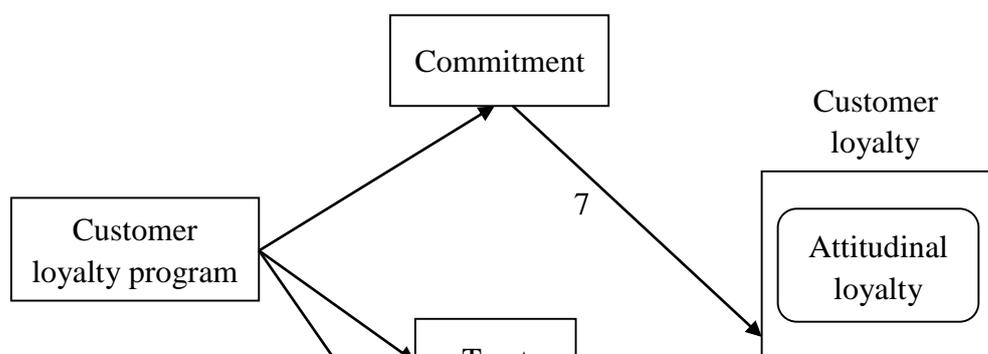
H1<sub>1</sub>: Service quality has a direct impact on trust.

H0<sub>12</sub>: Satisfaction is not the mediator between service quality and customer loyalty.

H1<sub>2</sub>: Satisfaction as the mediator between service quality and customer loyalty.

H0<sub>13</sub>: Trust is not the mediator between service quality and customer loyalty.

H1<sub>3</sub>: Trust as the mediator between service quality and customer loyalty.



### **Figure 1: Conceptual Framework**

Figure 1 was the conceptual framework of this study, it show the relationship of customer loyalty and its direct and indirect antecedents. This study was selected the factors of commitment, satisfaction, trust, customer loyalty program and service quality, and research their impact on customer loyalty. Moreover, this study combined these relationships and proposed a framework to apply in the Thailand hypermarket industry.

### **3. Population and Sample**

In this study, the research objects is the customer of hypermarket in Bangkok, every person who live in Bangkok have the potential to be the customer of Bangkok hypermarket, moreover, the adults have more opportunity to be customer of hypermarket. Therefore, the population in this study is the adult in Bangkok. The sample in this study was selected the customers of Big C and Tesco Lotus in Bangkok.

The sample's selection was used convenience sampling, because the population in this study was very big, and the customer has a high liquidity, this kind of sampling technique was suitable for large populations, and the scope includes the major district in Bangkok. According to Thailand demographics profile 2013 from index mundi website, Thailand total population is 67,448,120, and the adults account for 71% of the total population, therefore, the adults number in Thailand is approximately: 47,888,165. In addition, from the world population review "Thailand population 2013" indicated that Bangkok has a population close to 13% of the country's population. Therefore, the adults number in Bangkok is approximately: 6,225,461. According to the formula of Yamane (1967), the calculation of sample size in this study is following:

$$n = \frac{N}{1+Ne^2} \quad (1)$$

n = numbers of sample

N = proportion of population (in this study who are the adults in Bangkok.)

$e^2$  = probability of error that is 0.05 or 5% (at 95% confidence level)

So

$$n = \frac{6,225,461}{1+6,225,461*0.05^2} = 399.97 \text{ samplings}$$

After calculated for this formula the sample size is approximately equal to 400 samplings. Therefore, this study was collected 400 valid samplings in order to complete the research.

#### **4. Research Instrument**

In order to achieve the purpose of the study, a quantitative research method was conducted in the process of research, so questionnaire is necessary. Therefore, this study established a questionnaire base on former literatures' questionnaire, and then modifies it in order to fit this research. The questionnaire in this study has two sections: Section 1 was about demographics and the section 2 was the question about the seven measurement items in this study: customer loyalty program, service quality, commitment, trust, satisfaction, attitudinal loyalty and behavioral loyalty. The section 2 of questionnaire was used method of summated ratings: Likert scale. The scales from 1 to 5 represent the attitude of strongly disagree, disagree, uncertain, agree and strongly agree respectively. For the reliability, this study was used the coefficient alpha (Cronbach, 1951) to measure the consistency, the value of coefficient alpha should exceed 0.7.

#### **5. Data Collection**

The data collection in this study was survey respondents through questionnaire method, the main location of the collection is Big C and Tesco Lotus hypermarket in the downtown of Bangkok, it includes the districts of Phaya Thai, Din Daeng, Huai Khwang, Chatuchak, Wang Thonglang, Pathum Wan, Khlong Torei. The questionnaire was fill by the customers in hypermarket from an intercept survey by face to face, this method can make sure the respondents are the customer of Big C or Tesco Lotus hypermarket, and during the interview with respondents, researcher can clearly explain the meaning of each question and let respondents more understand the topic, then filling the questionnaire with earnest.

#### **6. Data Analysis**

In this study, the data analysis was used structural equation model (SEM). SEM is used to test 'complex' relationships between observed and unobserved variables and also relationships between two or more latent variables (Anglim, 2007). Base on the framework proposed from charter 2, the study used SEM to testing the relationship among the item of framework, included customer loyalty program, service quality, satisfaction, trust, commitment and customer loyalty. In the other hand, use the descriptive statistics to analysis the characteristics of samples, such as the item of gender, age, income, occupation, family members numbers, etc. The descriptive statistics was used the index of mean, standard deviation and percentage distribution, to testing

the data's central tendency and discrete degree.

In addition, follow the hypothesis which proposed from charter 2, use chi-square, root means square error of approximation index, goodness of fit index and other indexes to test the goodness-of-fit of the observed and the expected values. In a statistical model, the goodness-of-fit is describes how well it fits into a set of observations. Goodness-of-fit indices summarize the discrepancy between the observed values and the values expected under a statistical model (Maydeu-Olivares and Garcia-Forero, 2010).

## 7. Results

After the data collection, this study collected total of 421 questionnaires, and there were 400 valid questionnaires, which have 200 questionnaires from hypermarket of Big C and another 200 questionnaires from hypermarket of Tesco Lotus, the valid response rate is 95.01%.

In the describe statistic, the result show the demographic of respondent which was male occupied 40% and female was 60%, the major age range was 18-25 years old (40%), the major range of income per month was 10,000-30,000 baht (48%), major occupation of respondents was company employee (32.3%), most respondents had 3-5 family members (69.5%), the major education level was bachelor degree (58.8%), most respondents hold the hypermarket membership card (63%), most respondents visit Tesco Lotus more often (55.3%), and most respondents visit to hypermarket 2-4 times per month (45.5%).

In the reliability test, this study used Cronbach's alpha to test the reliability, alpha's value range is 0 to 1, the value more close to 1, which means the question is more reliable, the value higher than 0.7 can be seen as good reliable (Nunnally, 1978). In the table 1, which was show the reliability of pre-test and actual test, the pre-test included 30 questionnaires, and actual test included 400 questionnaires. The result shows all of the Cronbach's alpha value in the above is higher than 0.7, thus the question of these variable in questionnaire is good reliable.

**Table 1:** Reliability of Variables

Variables	No. of item	Pre-test	Actual
Customer loyalty program	3	0.723	0.723
Service quality	3	0.872	0.875
Satisfaction	3	0.784	0.708
Trust	5	0.895	0.876
Commitment	3	0.849	0.750
Customer loyalty	6	0.862	0.866

About the correlation analysis, The range of correlation's values is between -1 to +1, the values more close +1, means more stronger positive correlation, which indicated that when one variable grow up the other variable also grow up; the values more close -1, means more strong negative correlation, which indicated that when one variable grow up but the other variable go down; the values at 0 which means there have no relationship between two variable. In this study, the correlation result was show in table 2, all the value was positive, and the range of the

value was form 0.244 to 0.645, which means that all the variables in this study were positive correlated.

**Table 2:** Correlation of Variables

Variable	CLP	SQ	SAT	TRUST	COM	CL
CLP	1.000					
SQ	0.259**	1.000				
SAT	0.350**	0.541**	1.000			
TRUST	0.247**	0.542**	0.621**	1.000		
COM	0.244**	0.312**	0.383**	0.447**	1.000	
CL	0.283**	0.436**	0.550**	0.571**	0.645**	1.000

Note: \*\*. Correlation is significant at the 0.01 level.

About the validity analysis, this study was used the Multitrait-Multimethod Matrix to test the convergent and discriminant validity, in the Multitrait- Multimethod Matrix of this study, the value within the monovariable was higher than the value between the heterovariable, such as the value of 2.1.2-2.1.3 (0.580) higher than the value of 2.1.2-2.2.1 (0.214) , which can be seem that this study has the convergent and discriminant validity, the table below was show the detail of Multitrait-Multimethod Matrix.

**Table 3:** convergent and discriminant validity

	Customer loyalty program			Service quality			Satisfaction			Trust			Commitment			Attitudinal loyalty			Behavioral loyalty					
	2.1.1	2.1.2	2.1.3	2.2.1	2.2.2	2.2.3	2.3.1	2.3.2	2.3.3	2.4.1	2.4.2	2.4.3	2.4.4	2.4.5	2.5.1	2.5.2	2.5.3	2.6.1	2.6.2	2.6.3	2.7.1	2.7.2	2.7.3	
<b>Customer loyalty program</b>	2.1.1	1																						
	2.1.2	.393	1																					
	2.1.3	.423	.580	1																				
<b>Service quality</b>	2.2.1	.207	.214	.299	1																			
	2.2.2	.136	.113	.256	.684	1																		
	2.2.3	.091	.138	.236	.647	.766	1																	
<b>Satisfaction</b>	2.3.1	.249	.166	.251	.443	.449	.441	1																
	2.3.2	.114	.280	.243	.296	.334	.336	.390	1															
	2.3.3	.150	.242	.304	.389	.401	.392	.446	.510	1														
<b>Trust</b>	2.4.1	.045	.162	.178	.402	.406	.470	.362	.339	.398	1													
	2.4.2	.113	.135	.214	.394	.406	.423	.416	.360	.392	.545	1												
	2.4.3	.120	.188	.244	.417	.407	.446	.390	.431	.445	.567	.661	1											
	2.4.4	.128	.194	.231	.330	.387	.363	.456	.398	.489	.558	.520	.681	1										
	2.4.5	.098	.158	.194	.307	.388	.386	.428	.365	.433	.570	.526	.587	.684	1									
<b>Commitment</b>	2.5.1	.165	.190	.203	.171	.182	.215	.319	.247	.264	.249	.317	.312	.301	.399	1								
	2.5.2	.159	.233	.210	.278	.280	.276	.274	.315	.272	.340	.329	.351	.347	.394	.640	1							
	2.5.3	.080	.157	.086	.224	.189	.253	.160	.209	.242	.230	.226	.285	.268	.255	.424	.504	1						
<b>Attitudinal loyalty</b>	2.6.1	.208	.168	.209	.324	.260	.276	.338	.276	.292	.276	.291	.325	.333	.332	.463	.467	.407	1					
	2.6.2	.163	.139	.132	.314	.253	.285	.346	.318	.324	.269	.300	.318	.336	.358	.438	.492	.363	.753	1				
	2.6.3	.170	.224	.220	.363	.336	.341	.326	.453	.357	.387	.389	.449	.407	.412	.377	.489	.392	.560	.605	1			
<b>Behavioral loyalty</b>	2.7.1	.235	.231	.262	.336	.304	.313	.475	.311	.350	.317	.368	.436	.491	.480	.474	.459	.338	.561	.581	.598	1		
	2.7.2	.015	.202	.157	.258	.280	.307	.265	.299	.325	.353	.249	.317	.371	.388	.329	.435	.370	.405	.356	.440	.461	1	
	2.7.3	.052	.212	.192	.307	.301	.320	.350	.372	.379	.365	.338	.403	.471	.493	.352	.493	.364	.414	.440	.558	.566	.623	1

In the goodness-of-fit test, the result show the GFI is 0.948, RMR is 0.0443, SRMR is 0.0333, RMSEA is 0.0191, these indexes all within the acceptable level, moreover, the other goodness-of-fit indexes such as AGFI, NFI, NNFI,CFI also greater than threshold of 0.9, the detail was show in following table:

**Table 4:** Goodness-of-Fit Result

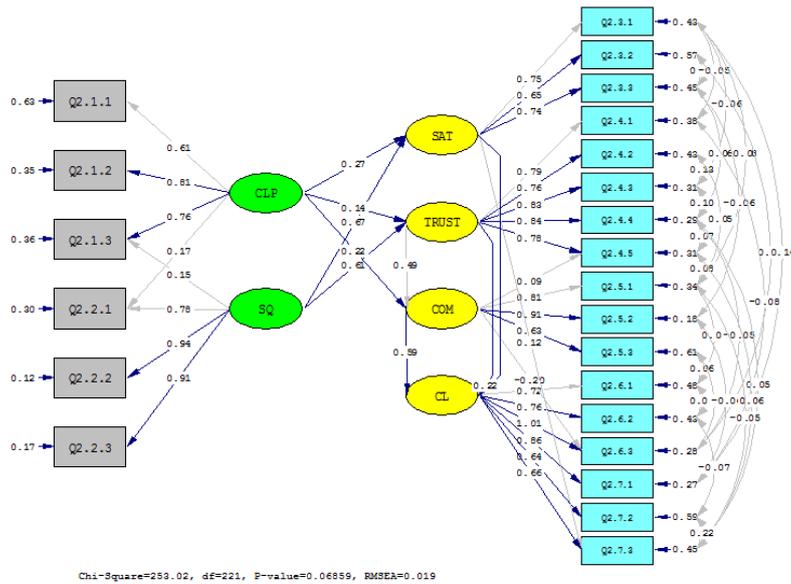
Absolute Fit Measure		Threshold
Degree of Freedom (df)	221	
Minimum Fit Function Chi-Square ( $\chi^2$ )	260.990 (P = 0.0337)	
Normal Theory Weighted Least Squares Chi-Square	253.017 (P = 0.0686)	
Goodness of Fit Index (GFI)	0.948	>0.9
Root Mean Square Residual (RMR)	0.0443	<0.05
Standardized RMR	0.0333	<0.05
Root Mean Square Error of Approximation (RMSEA)	0.0191	<0.06
Incremental Fit Measure		Threshold
Adjusted Goodness of Fit Index (AGFI)	0.936	>0.9
Normed Fit Index (NFI)	0.985	>0.9
Non-Normed Fit Index (NNFI)	0.997	>0.9
Comparative Fit Index (CFI)	0.998	>0.9

In the hypothesis testing, the result was supported all hypothesis of this study: Commitment has a direct effect on customer loyalty (H1: DE=0.59), satisfaction has a direct effect on customer loyalty (H2: DE=0.17), trust has a direct effect on customer loyalty (H3: DE=0.22), customer loyalty program has a direct impact on satisfaction (H4: DE=0.27), customer loyalty program has a direct impact on trust (H5: DE=0.14), customer loyalty program has a direct impact on commitment (H6: DE=0.22) commitment as the mediator between customer loyalty program and customer loyalty (H7: base on H1 and H6), satisfaction as the mediator between customer loyalty program and customer loyalty (H8: base on H2 and H4), trust as the mediator between customer loyalty program and customer loyalty (H9: base on H3 and H5), service quality has a direct impact on satisfaction (H10: DE=0.67), service quality has a direct impact on trust (H11: DE=0.61), satisfaction as the mediator between service quality and customer loyalty (H12: base on H2 and H10), trust as the mediator between service quality and customer loyalty (H13: base on H3 and H11). The data was show in follow:

**Table 5:** Standardized Total, Indirect and Direct Effects

Cause \ Effect	SAT			TRUST			COM			CL		
	TE	IE	DE	TE	IE	DE	TE	IE	DE	TE	IE	DE
CLP	0.27	0	0.27	0.14	0	0.14	0.29	0.07	0.22	0.25	0.25	0
SQ	0.67	0	0.67	0.61	0	0.61	--	--	--	0.43	0.43	0
SAT	--	--	--	--	--	--	--	--	--	0.17	0	0.17
TRUST	--	--	--	--	--	--	--	--	--	0.51	0.29	0.22
COM	--	--	--	--	--	--	--	--	--	0.59	0	0.59

Figure 2 was present the standardized path coefficient among the observed variables (Q2.2.2- Q2.7.3 ) and latent variables, such as customer loyalty program(CLP), service quality (SQ), satisfaction(SAT), trust, commitment(COM) and customer loyalty (CL). All the paths are significant in Chi-square = 253.02, p-value= 0.06859.



**Figure 2:** SEM: standardized solution

## 8. Conclusion

This study was found the commitment, trust and satisfaction have a direct impact on customer loyalty, and the commitment have the biggest impact on customer loyalty, it's the major driving factors of customer loyalty. Customer loyalty program has a direct impact on commitment, trust and satisfaction, and customer loyalty program has a respectively high impact on satisfaction. Service quality has a direct impact on trust and satisfaction, and its impact on satisfaction is respectively high. Service quality is the major driving factors of satisfaction and trust. The customer loyalty program and service quality have no direct impact on customer loyalty, they were indirect impact on customer loyalty through the mediators of commitment, trust and satisfaction.

## 9. Discussion

In this study, the purpose was focus on the relationship among customer loyalty program, service quality, satisfaction, trust, commitment and customer loyalty, and research whether the satisfaction, trust and commitment can be seem as the mediate between customer loyalty program, service quality and customer loyalty. The research result can be proved all the hypothesis of this study.

According to the hypothesis 1, hypothesis 4, hypothesis 5, hypothesis 10 and hypothesis 11, the result of this study show the commitment has a direct impact on customer loyalty, customer loyalty program directly impact on satisfaction, customer loyalty program directly impact on trust, service quality directly impact on satisfaction, service quality directly related with trust, these results were similar with the research of Ou *et al.* (2011).

For the hypothesis 2, the result of this study proved the satisfaction directly impact on customer loyalty, this was similar with the existing research of Yap *et al.*, (2012) and Thomas, (2013); About the hypothesis 3, the result indicated that trust was directly and positive impact

on customer loyalty in Bangkok hypermarket. This result was similar with the study of Miller *et al.* (2013) and Yap *et al.* (2012). In the hypothesis 6, which suggested the customer loyalty program has a direct impact on commitment, and the result of this study was similar with the research of Evanschitzky *et al.* (2006).

The hypothesis 7, hypothesis 8, hypothesis 9, hypothesis 12 and hypothesis 13 were base on the existing hypothesis of this study, they suggested that commitment, satisfaction, trust was the mediator between customer loyalty program, service quality and customer loyalty, these results were the contribution and consolidation of the existing knowledge.

## **10. Implication for Business**

This study was found the customer loyalty program have a directly and positively impact on satisfaction, trust and commitment, it means that if company pay more attention on customer loyalty program, it can help the company get more customer's satisfaction, trust and commitment. Moreover, this study found the service quality have a directly and positively impact on satisfaction and trust, it means that if the company more focus on the service quality to customer, that will get more satisfaction and trust from customers. In addition, the result of this study was indicated the satisfaction, trust and commitment have a direct and positive influence on customer loyalty, it means that if the company enhances the satisfaction, trust, and commitment of their customer, which can improve the customer loyalty of company, and then help to get more profit and market share. In the business competition of hypermarket, the managers who attempt to increase the hypermarket' competitiveness and taken a dominated market share through manage their customer loyalty, the suggestion below can be helpful for them.

First, if hypermarket wants to improve customer loyalty, they can provide more marketing activities, such as discount and promotion, and let customers feel the value they get. Meanwhile, provide high quality service also can help improve customer loyalty, such as: focus on employee's service attitude and make the service timely and effective, enhance the training of employees, increase their service efficiency in order to improve the overall service quality of hypermarket, and let customer feel positive towards the service of hypermarket.

Second, if manager want to improve the customer loyalty of hypermarket, just focus the customer loyalty and service quality is no enough, because in this study customer loyalty program and service quality have not direct effect on customer loyalty, the hypermarket must also focus on satisfaction, trust and commitment, such as be honest and keep promise to customer, pay more attention to customer's benefit, provide a comfortable shopping environment, improve customers' shopping experiences, focus on customers' suggestion, and try to improve them, do the best to let customer feel satisfy with hypermarket, try to improve the relationship between customer and hypermarket, then hypermarket can achieve the objective of improve trust, satisfaction and commitment. Finally, strengthen the customer loyalty towards hypermarket.

## **11. Limitations & Further Research**

The limitations of this study include the research scope, research method and language.

In the research scope, the research just cover the major district of Bangkok, so this study just can represent the situation of hypermarket in Bangkok, for other district in Bangkok or other countries, the situation may changed by the difference of environment, culture and lifestyle.

In the research method, this study just used quantitative method to develop the model, and the influence factors of customer loyalty just involved satisfaction, trust, commitment, customer loyalty program and service quality, if this study can combine qualitative method, it may develop more influence factors of customer loyalty.

This study was used English to research, but in Bangkok most people were speak Thai language, so the questionnaire was collected by Thai language, thus, there have some translate problem cause of the different language.

In the further research, researchers can combine more literature and qualitative method to improve this model, and find more influence factors on customer loyalty, on the other hand, researchers can try to apply this model in other countries or industries.

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## APPENDIX

### Questionnaire for customer research in Bangkok hypermarket

#### Section 1. basic information

Please fill (√) in  to make your answer with your personal information. Each question has only one option.

1. Gender

Male                       Female

2. Age

18-25                       26-35                       36-45                       46-65

3. Income per month

<10000 Baht                       10000~30000 Baht  
 30001~50000 Baht                       >50000 Baht

4. Occupation

Student                       Housewife                       Teacher                       Company employee  
 Engineer                       Freelancers                       Doctor                       Government official  
 Worker                       Businessman                       Other \_\_\_\_\_

5. How many members in your family?

1-2                                       3-5  
 6-10                                       More than 10

6. What's your education level?

Below the junior school                       Junior school                       Senior school  
 Bachelor degree                       Master degree                       Higher than Master degree

7. Do you have Big C or Tesco Lotus's membership card?

Yes                                       No

8. Which hypermarket you visit in Bangkok more often?

Big C                                       Tesco Lotus

9. Base on the question 8, what's the frequency you visit to this hypermarket?

Lower than Once per month                       Once per month  
 2-4 times per month                       5-10 times per month  
 More than 10 times per month

## Section 2.

Base on the question of section 1 Q8, please fill (√) to make your answer for the following question, the scales from 1 to 5 represent the attitude of strongly disagree, disagree, uncertain, agree and strongly agree respectively.

<b>2.1 Customer loyalty program</b>	Disagree ←————→ Agree				
	1	2	3	4	5
2.1.1 I often focus the promotion activities such as discount or buy one get one free.					
2.1.2 I often participate the activities of collect stamp for exchange gift.					
2.1.3 I satisfy with the reward or discount from the membership card of hypermarket					
<b>2.2 Service quality</b>	Disagree ←————→ Agree				
	1	2	3	4	5
2.2.1 The employees at this hypermarket are polite to me					
2.2.2 It is easy to get a help or service in this hypermarket					
2.2.3 Staff provide customer with timely and appropriate assistance					
<b>2.3. Satisfaction</b>	Disagree ←————→ Agree				
	1	2	3	4	5
2.3.1 I feel comfortable when I shopping in this hypermarket					
2.3.2 I talk positively about this hypermarket to others					
2.3.3 I am satisfied with the hypermarket compared with an ideal one					
<b>2.4.Trust</b>	Disagree ←————→ Agree				
	1	2	3	4	5
2.4.1 The hypermarket is honest with their customers, it does what it promises					
2.4.2 The hypermarket has a great deal of integrity.					
2.4.3 The hypermarket is concerned with my welfare, not only with obtaining profit					
2.4.4 I have a great confidence in the hypermarket					
2.4.5 I trust this hypermarket provide me with consistent quality goods and services.					

<b>2.5. Commitment</b>	Disagree ←————→ Agree				
	1	2	3	4	5
<b>2.5.1.</b> My relationship with hypermarket is very important to me					
<b>2.5.2.</b> I am emotionally attached to the hypermarket					
<b>2.5.3.</b> If this hypermarket were no longer in business, it would be a significant loss for me.					
<b>2.6. Attitudinal loyalty</b>	Disagree ←————→ Agree				
	1	2	3	4	5
<b>2.6.1.</b> Visiting this hypermarket is one of my favorite activities.					
<b>2.6.2.</b> This hypermarket is fun to visit.					
<b>2.6.3.</b> I encourage friends and relatives to shopping in this hypermarket.					
<b>2.7. Behavioral loyalty</b>	Disagree ←————→ Agree				
	1	2	3	4	5
<b>2.7.1.</b> I intend to continue visit this hypermarket in future					
<b>2.7.2.</b> I would not switch to a competitor, even if I had a problem with the products/services of this hypermarket					
<b>2.7.3.</b> I will always continue to choose this hypermarket before others.					