

## THE EFFECTS OF CUSTOMERS' PERCEIVED INFORMATION ON ATTITUDE AND LOYALTY TOWARD SPECIALTY STORE

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**ABSTRACT.** *The purpose of this research is firstly to investigate the effect of customers' perceived information on attitude toward the 6th industrialized antenna shop. Secondly, it is to examine the effect of perceived information on customer loyalty. Finally, this study attempts to analyze the relationship between attitude and loyalty. Perceived information was classified into five factors of location, product assortment, price, store atmosphere and service. Among these factors, only the price factor had a significant influence on both attitude and customer loyalty and the store atmosphere factor had a significant effect on attitude toward store. As a result, attitude had a significant positive effect on customer loyalty. These results mean that there is a need to raise awareness of the 6th industry and antenna shops. Theoretical and managerial implications of the findings were discussed and it would be helpful to manage the 6th industrialization antenna shop.*

**Keywords:** 6th industrialization, Antenna shop, Specialty store, Loyalty, Attitude, Store image information, Store awareness

**1. Introduction.** The 6th industrialization of agriculture is a policy to solve the rural problems in the face of difficulties and create value. The basic concept of the sixth industrialization of agriculture can be seen as the diversification of management to produce, process and sell agricultural products and to increase added value through services by utilizing the resources of the rural area. Particularly Korea is pushing for the 6th industrialization policy of agriculture from 2013. There have been various measures related to the 6th industrialization, but individual farms are still struggling to stimulate consumption and revitalize the market, especially in developing sales channels [1]. Therefore, the government is trying to increase sales of the 6th industrial products through antenna shops and to exploit marketplaces. An 'antenna shop' or a 'pilot shop' refers to a shop that serves as a test space to recognize consumers' perceptions and behaviors for a specific product and to forecast future sales of the product [2]. Moreover, antenna shops provide operators with opportunities for publicity and sales channels and also provide consumers with experience in using products as well [2]. It is necessary to examine the consumer's perception of the attributes of the antenna shop in order to achieve the intended performance of the antenna shop. However, related research is still lacking and studies in the early stages have mainly focused on the analysis and benchmarking of the successful cases of agricultural industrialization in Japan and China [3].

The purpose of this study is to investigate the customers' perceived information for the 6th industrialized antenna shop and its effect on consumer behavior. This study examines the effects of customers' perceived information on attitude and customer loyalty of the 6th industrialized antenna shop based on the factors revealed by previous studies.

We also examine the effect of attitude on customer loyalty. Moreover, it is to provide retail strategies for the 6th industrialized antenna shop based on the survey results. It is expected that it will be able to show a meaningful result in the situation of lack of research on consumers' perception of the 6th industrialization of agriculture. This paper is composed of theoretical background and hypotheses development in Section 2, research method in Section 3, analysis and results in Section 4, and conclusions in Section 5.

**2. Theoretical Background and Hypotheses Development.** Consumers' positive perceptions on store information have a positive effect on store images [2,4] and store image is an important factor influencing consumers' store selection and products sold in store [5,6]. Therefore, retailers strive to increase positive attitude and customer loyalty by building and maintaining store image [6]. The study of Doyle and Fenwick suggested that the store image positively affects the perception of the quality of a product or brand, thereby inducing a consumer's purchasing behavior [7]. Previous research has shown that consumers perceive store images through information such as location, product assortment, price, atmosphere of the store and service of salespeople [6,8,10-12]. This study is to examine the effects of consumers' perceived information in these five factors on attitude toward the 6th industrialized antenna shop and customer loyalty.

Based on the studies above, the hypotheses below are hired for this study.

H1: Customers' perceived information will have a positive impact on attitude toward store.

H1-1: The perceived information on the location of the store will have a positive impact on attitude toward store.

H1-2: The perceived information on the product assortment of the store will have a positive impact on attitude toward store.

H1-3: The perceived pricing information will have a positive impact on attitude toward store.

H1-4: The perceived information on the atmosphere of the store will have a positive impact on attitude toward store.

H1-5: The perceived information on service of salespeople will have a positive impact on attitude toward store.

H2: Customers' perceived information will have a positive impact on customer loyalty.

H2-1: The perceived information on the location of the store will have a positive impact on customer loyalty.

H2-2: The perceived information on the product assortment of the store will have a positive impact on customer loyalty.

H2-3: The perceived pricing information will have a positive impact on customer loyalty.

H2-4: The perceived information on the atmosphere of the store will have a positive impact on customer loyalty.

H2-5: The perceived information on service of salespeople will have a positive impact on customer loyalty.

H3: Attitude toward store will have a positive impact on customer loyalty.

### 3. Methodology.

**3.1. Data collection.** This study conducted a questionnaire survey on perceived information of specialty store for the customers visiting the 6th industrialization antenna shop in Gyeongnam. Of the 290 retrieved questionnaires, 279 were used for the final analysis except for the inappropriate responses among the collected data.

**3.2. Instrument development.** In this paper, the store image is defined as the total of subjective impressions and beliefs that consumers have formed for a certain period of time on attributes of a specific store [7]. And attitude toward store is defined as a way of

evaluating and acting favorably or unfavorably about the store [8]. In this study, customer loyalty is defined as the customer’s ongoing psychological attachment to a particular store. Attachment is to promote a particular store to others or refuse to switch to a competitive store and prefer that store to other stores [9].

This study measures the constructs using multi-item scales by adopting existing validated questions. The survey instrument of measurement was designed based on the previous studies and items were measured on 5-point likert scale. Perceived information of store image was measured using the scales from the study of Shin and Kong [6], Shin [8], Chowdhury et al. [10], Orth and Green [11] and Chen and Park [12]. Attitude was measured using the scales from the study of Shin [8]. Customer loyalty was measured using the scales from the study of Chen and Park [12] and Oliver [13].

**4. Results of the Research.**

**4.1. Repondents’ characteristics.** Characteristics of respondents are as in Table 1. The gender is slightly higher for women, the majority are in their 20s-40s and office occuppies about half of the occupation.

TABLE 1. Respondents’ characteristics

Division	Item	Frequency	%	Division	Item	Frequency	%
Gender	Female	166	59.5	Occupation	Student	26	9.3
	Male	113	40.5		Office	137	49.1
Average Monthly Income (KRW)	Less than 100M	20	7.2		Housewife	79	28.3
	100M to under 200M	42	15.1		Self-employ	29	10.4
	200M to under 300M	82	29.4		Others	8	2.9
	300M to under 400M	70	25.1	Age	10s	14	5.0
	400M to under 500M	25	9.0		20s	48	17.2
	500 M or More	32	11.5		30s	118	42.3
	Missing	8	2.9		40s	61	21.9
					50s	28	10.0
				60s or over	10	3.6	

**4.2. Reliability and validity of measures.** In this study, confirmatory factor analysis (CFA) was conducted to verify the reliability and validity of all the measurement items used in the hypothesis verification. The results of CFA are as in Table 2. AVE (average variance extracted) value exceeded 0.5 (location = .581, product assortment = .582, price = .510, store atmosphere = .637, service = .684, attitude = .783, customer loyalty = .711). Moreover, the composite reliability was found to exceed the recommendation criterion by exceeding 0.7 (location = .826, product assortment = .887, price = .861, store atmosphere = .928, service = .939, attitude = .943, customer loyalty = .917) (see Table 2). Goodness of fit index is acceptable with  $\chi^2 = 282.342$ ,  $df = 168$ ,  $p = .000$ ,  $GFI = .912$ ,  $AGFI = .879$ ,  $NFI = .918$ ,  $TLI = .956$ ,  $RMSEA = .049$ . In other words, NFI, GFI, and TLI are above 0.9 and RMSEA is small enough to explain the causal relationship between research constructs. The results show that reliability and validity are secured.

TABLE 2. Reliability and validity test

Constructs	Items	Estimates	Std.	t-value	Composite Reliability	AVE
Location	Loc1	1.000	.781		.826	.581
	Loc2	.978	.683	10.515***		
	Loc3	1.017	.817	11.684***		
Product Assortment	PA1	1.000	.696		.887	.582
	PA2	1.195	.830	11.416***		
	PA3	1.030	.756	10.821***		
Price	P1	1.000	.724		.861	.510
	P2	.988	.730	10.305***		
	P3	.964	.687	9.835***		
Store Atmosphere	SA1	1.000	.687		.928	.637
	SA2	1.176	.825	12.327***		
	SA3	1.140	.844	12.569***		
	SA4	1.148	.827	12.351***		
Service	S1	1.000	.768		.939	.684
	S2	1.151	.880	15.534***		
	S3	1.156	.858	15.129***		
	S4	1.027	.796	13.860***		
Attitude	A1	1.000	.903		.943	.783
	A2	.931	.866	16.743***		
Customer Loyalty	CL1	1.000	.852		.917	.711
	CL2	1.049	.834	14.252***		

$\chi^2 = 282.342$ ,  $df = 168$ ,  $p = .000$ ,  $GFI = .912$ ,  $AGFI = .879$ ,  $NFI = .918$ ,  $TLI = .956$ ,  $RMSEA = .049$

\*\*\* $p < 0.01$

**4.3. Hypotheses testing.** The purpose of this study is to examine the effects of consumers' perceived information (location, product assortment, price, store atmosphere and service of salespeople) on attitude toward the 6th industrialized antenna shop and customer loyalty. Structural equation analysis was performed to verify H1-1, H1-2, H1-3, H1-4, H1-5, H2-1, H2-2, H2-3, H2-4, H2-5, H3 and the results are as in Table 3. The fit index of the model for this study is  $\chi^2 = 282.342$ ,  $df = 168$ ,  $p = .000$ ,  $GFI = .912$ ,  $AGFI = .879$ ,  $NFI = .918$ ,  $TLI = .956$ ,  $RMSEA = .049$ . Thus, the indicators for model fitness meet acceptable level.

Among the perceived information, price ( $\beta = .239$ ,  $p < .05$ ) and atmosphere ( $\beta = .307$ ,  $p < .05$ ) factors had a positive effect on attitude toward store. Price factor also had a significant positive effect on customer loyalty ( $\beta = .283$ ,  $p < .01$ ). Finally, attitude had a positive influence on customer loyalty ( $\beta = .696$ ,  $p < .01$ ). Therefore, the hypotheses H1-3, H1-4, H2-3 and H3 were adopted and the remaining hypotheses were rejected (see Table 3).

**5. Conclusions.** This is a study on the 6th industrialization of agriculture which is being promoted as an alternative to the activation of local economy of the government. This research is to overcome the limitations of previous studies related to the 6th industrialization of agriculture such as case analysis and consulting of certified companies, and to

TABLE 3. Hypotheses testing results

Path	Path Coefficient	t-value	Remark
H1-1: location → attitude	.050	.754	reject
H1-2: assortment → attitude	.050	.443	reject
H1-3: price → attitude	.239	1.992**	accept
H1-4: atmosphere → attitude	.307	2.357**	accept
H1-5: service → attitude	.071	.720	reject
H2-1: location → customer loyalty	.029	.499	reject
H2-2: assortment → customer loyalty	.019	.187	reject
H2-3: price → customer loyalty	.283	2.590***	accept
H2-4: atmosphere → customer loyalty	-.166	-1.428	reject
H2-5: service → customer loyalty	.075	.859	reject
H3: attitude → customer loyalty	.696	9.309***	accept

\*\*\*p < 0.01, \*\*p < 0.05

understand consumers' perception as the end user of the 6th industrialized distribution channel.

The results of this study showed that the factors influencing consumer behavior were store atmosphere and price and store atmosphere and price factors lead to favorable attitudes, and positive attitudes contribute to building customer loyalty. However, store image factors such as location, product assortment, and service of salespeople that were significant in the previous study did not affect attitude and customer loyalty. These results indicate that consumers evaluate positively about store atmosphere and price of the 6th industrialized antenna shop, but there is not much perceived information about other factors. And this result can be interpreted as initial stage of the 6th industrialization and low awareness of consumers in Korea. As a result of measuring the store awareness, consumers were less aware of the 6th industry and antenna shop. Therefore, the price factor, which is a cognitive information with a high promotional effect at the time of sale, is more effective in forming attitude than functional image information such as product assortment because of low awareness of the 6th industry and antenna shop. In order to activate the 6th industrialization and antenna shop of agriculture, it is necessary to inform consumers about the 6th industrialization and gain a sympathy for its value. For example, professional training in service staff at an antenna shop will help customers to perceive differentiated store attributes.

This study is meaningful to introduce the 6th industrialization of agriculture and antenna shop and to apply the various store attribute information to the 6th industrialized antenna shop and to draw implications. Although this results, there are some limitations and the following suggestions can be made for future research. The results of a survey are not likely to be generalized. If the survey of the 6th industrialized antenna shop nationwide in Korea and the verification of regional difference are carried out, it could give more suggestions. And the 6th industrialized antenna shop is a retailer in the form of a specialty shop. Therefore, rather than utilizing the store image dimension presented in other studies, an exploratory study reflecting the specificity of the 6th industrialized antenna shop is also necessary.

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