

## DETERMINANTS OF CUSTOMER LOYALTY TOWARDS MODERN TRADE IN SRI LANKA: WITH SPECIAL REFERENCE TO HYPERMARKETS IN WESTERN PROVINCE

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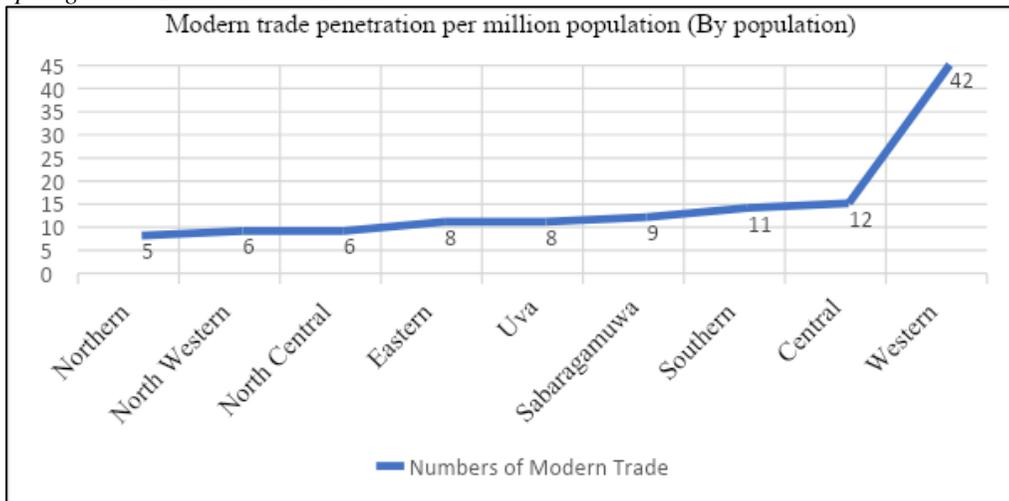
### INTRODUCTION

Retailing is a business focused on satisfying the final consumer through the distribution of goods and services (Walters & White, 1987). The growth of retailing today is influenced by economic, social and technological factors. And also Sri Lanka's retail sector contributes significantly to the country's GDP and labour market, expanding rapidly and playing a vital role in value creation (CBSL, Annual report, 2021).

The concept of having everything under one roof, self-service, discounted prices, and cheap parking has given rise to the term "hypermarket" in the business world (Godin & Kamath, 2001).

The study has focused on the distribution of hypermarkets in Sri Lanka, specifically in the Western Province. Figure 1 shows that most modern trade is concentrated in this region. The dominant hypermarket chains in terms of market share are Arpico Super Centre, Odel, Softlogic Glomark, Laughs Super, and Ceylon City Mart Hypermarket. Consequently, the researcher has chosen the Western province as the sample for this study.

**Figure 1**  
*Spotlights Sri Lanka Modern Trade*



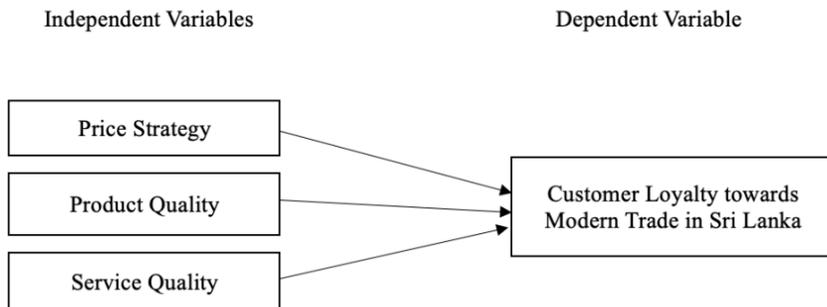
To thrive in the competitive market, retailers focus on acquiring and retaining customers through customer loyalty. Loyal customers who make repeat purchases contribute to increased sales. Moreover, customer loyalty will affect positive word-of-mouth marketing, less marketing cost, and higher profitability. While factors like product quality, price, and service quality impact customer loyalty, there is a need to understand the specific drivers in modern

trade settings (Hassan et al., 2013), There is a lack of available data and studies that provide empirical evidence on the impact on customer loyalty in modern trade settings in Sri Lanka. The researchers have identified the empirical and theoretical gaps related to the study. Based on the identified research gap, the research problem could be stated as “what determinants of customer loyalty towards modern trade in Sri Lanka, with special reference to Hypermarkets in Western Province.” By identifying these determinants of customer loyalty, businesses can tailor their strategies to meet their customers’ needs and improve their overall satisfaction, which could ultimately lead to increased sales and growth.

## METHODOLOGY

Theoretical framework can be defined as a model of how one theorizes or makes logical relationship among several factors that have been identified as important to the problem (Sekaran, 2003).

**Figure 2**  
*Conceptual Framework*



*Source: (Based on Nguyen & Pham, 2021)*

According to the theoretical and empirical evidence, below hypothesis were developed.

- $H_1$ : There is significant impact between price strategy and customer loyalty towards hypermarkets in Western province, Sri Lanka
- $H_2$ : There is significant impact between product quality and customer loyalty towards hypermarkets in Western province, Sri Lanka.
- $H_3$ : There is significant impact between service quality and customer loyalty towards hypermarkets in Western province, Sri Lanka.

The philosophy reflected in this study is positivism and the principal purpose of this study is to investigate determinants of customer loyalty towards modern trade in Sri Lankan context. By the same time the research involves the use of structured questions where the response options have been predetermined, and also regression, were used to and through that hypothesis were investigated. According to above discussion, quantitative method was chosen by the researcher as it best fits with the nature and purpose of this study.

The research method used in this study is the survey method. Survey method is often a reductionist approach with associates (Sekaran, 2003). This technique is most often used to collect large amounts of data more efficiently than large population. The data obtained from

the survey method can be used for possible reasons for the relationship between the variables and models produced.

Data collection is referring to collecting the data required for the research. In data collection, there are two types; primary data and secondary data. For this study, secondary data were collected by using different means such as text books on different marketing theories, previous researches, related articles and journals, statistical reports and online data sources. Primary data for the study were collected from the individuals who are belongs to hypermarkets customers in Western Province. A structured questionnaire has been employed to collect primary data from the respondents.

Population is the total group of people, event, or thing and researcher hope to examine that thing (Sekaran, 2003). Here researcher has selected the modern trade customers in the Western province as their population because Western province has huge number of modern trades in Sri Lanka. And, according to researcher select non-probability sampling method. As well as select the convenience sampling technique under non probability sampling was used because the population is unknown. Morgan table were used to determine sample size of the total respondents (Krejcie & Morgan, 1970). According to that if population is more than 100,000 sample size is 384. Therefore, sample size calculated as 384.

## RESULTS AND DISCUSSION

**Table 1**

*Coefficient Measurements*

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	$\beta$	Std. Error	$\beta$		
(Constant)	0.347	0.182		1.908	0.057
Price_Strategy	0.207	0.059	0.217	3.517	0.000
Product_Quality	0.200	0.070	0.192	2.873	0.004
Service_Quality	0.506	0.074	0.407	6.845	0.000

Nguyen and Pham (2021) found price strategy significantly impacted on customer loyalty towards modern trade with the ( $\beta = 0.295$ ,  $P= 0.000$ ) in Vietnam. Previous studies identified price strategy positively impacted on customer loyalty towards modern trade. The current study also proved the above results of the previous studies with correlation coefficient of ( $\beta = 0.207$ ,  $P=0.000$ ). Moreover, as price strategy is impact on customer loyalty towards modern trade.

The current study found of correlation among product quality and customer loyalty towards modern trade ( $\beta= 0.200$ ,  $P=0.004$ ). Nguyen and Pham (2021) found product quality positively correlated with customer loyalty towards modern trade in Vietnam ( $\beta= 0.105$ ,  $p= 0.000$ ). according to the previous researchers have conclude that product quality has significant impact for the customer loyalty towards modern trade.

The current study found there is a high degree of correlation among service quality and customer loyalty towards modern trade ( $\beta =0.506$ ,  $P=0.000$ ). Nguyen and Pham ( 2021) found service quality positively correlated with customer loyalty towards modern trade in 44 Vietnam ( $\beta= 0.101$ ,  $p= 0.028$ ). Ha (2020) found that service quality positively influenced the customer loyalty in modern trade in Vietnam. Thus, according to results service quality may be a key factor for customer loyalty in modern trade.

## CONCLUSION AND IMPLICATIONS

The main purpose of this study is to understand determinants of customer loyalty towards modern trade in Sri Lanka. Considering the past researches, the researcher developed a conceptual framework for the current study to investigate the relationship among the independent variable and dependent variable. Different determinants were used as an independent variable to analyze customer loyalty towards modern trade related to Sri Lankan context. In order to achieve research objectives researcher, collect data by using structured questionnaire from customers in hypermarkets in Western Province and data were analyzed by using SPSS 21 software. Firstly, the researcher ensures the reliability and validity of the measures based on the Cronbach 's alpha value and the Kaiser-Meyer-Olkin Measure of sampling adequacy tests. Further correlation test and regression analysis were performed to achieve the research objectives of the current study and results indicated that there is a positive correlation among all the variables (price strategy, product quality and service quality) are significantly impacts on customer loyalty towards modern trade according to output of survey data. According to survey results researcher identified most impactful variable as a service quality of customer loyalty. This study can assist the retail organizations, marketers to understand the which impact on customer loyalty towards modern trade, they will be able to utilize and understand how select appropriate customer loyalty program. Hence, this research will be useful for marketers as a benchmark or guidelines of how to develop through customer loyalty program. Also, the 46 empirical findings from this study may offer which determinants are important to consumers when they decide purchase decision in modern trade.

The study will help researchers understand the relationship between product quality, price strategy and service quality on customer loyalty. It will also provide insights on contemporary aspects of customer loyalty help identify new consumer insights. The findings will assist companies in evaluating their customer loyalty programs and making improvements or changes. Additionally, the study will enable domestic competitors to develop strategies for promotion campaigns, ultimately positively impacting the industry's growth.

**Keywords:** Customer loyalty, modern trade, product quality, price strategy, service quality

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