Regional Product Assortment and Customer Loyalty to the Point of Sale

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Abstract: This paper reports the results of a quantitative study of the effect of regional product assortment on loyalty to the point of sale. In this study, we found that availability of local regional products in an assortment positively influences commitment and loyalty to the point of sale. In addition, we found that commitment mediates the effect of an assortment containing a regional product on loyalty. Finally, we found that it is possible to think of a person attached to a brand without this latter showing an observed loyalty behavior.

Keywords: product assortment; regional product; loyalty; point of sale; commitment; attachment

1. INTRODUCTION

The success of large and medium-sized retailers mainly depends on their product assortment policy. Therefore, they need to place a greater focus on their product assortment, with the aim of establishing an effective product range. This should bear on improving their profitability, meeting customers’ needs and expectations and increasing their perception of the store’s image while promoting customer visitation rates (Simon & Sousa, 2003).[68]. Under this perspective, reconsidering merchandising policies is becoming of importance to retailers who target the dual objective of maximizing their profit and satisfying customers (Pinto & Faulurier, 2004).[64]. Each brand defines an "assortment type" responding to well-defined objectives. Product assortment can sometimes be enhanced at the store or the region levels under the responsibility of point of sale managers or departments heads who will take into account local customers’ needs (Borges & al 2001[18]; Borges 2003[19]; Bentacourt & al 1990[16]; Willart, 2006[74]). Bearing in mind these assumptions, our research problem eschew the following research questions: Do retailers take into consideration regional consumption patterns in their merchandising policy? What marketing and / or business interest is there following the adoption of a local product assortment by a retailer?

In this study, we will first present our theoretical framework and research hypotheses. Then, we will present our research methodology. Next, we present the results. Finally, we conclude with discussing the results, while presenting the limitations and future research of our study.

Our objectives are twofold:

- Determine the impact of regional product assortment on brand loyalty.
- Determine the role of commitment and attachment in explaining customer loyalty to a brand offering a regional product.

2. REVIEW OF LITERATURE

2.1 Assortment: a basic component of merchandising

The issue of assortment as discussed in a variety of references is a fundamental variable of merchandising as it is interdependent of the vertical retailing space. (Cohen 1992[24]; Borin & al 1994[20]; Dhruv & al 1999)[34]. It is therefore important to determine the structure of the offer by providing a product range tailored to customer needs. Then, assortment should change to match the changing needs of current and potential customers and to integrate the new products presented by suppliers. Moreover, assortment will change depending on the intermittency of some customer demands (Borges & al 2001[18]; Borges 2003[19]; Bentacourt & al 1990[16]; Willart, 2006[74]).

The presence of a wide variety of brands and product ranges, sufficiently large and rich, gives the consumer a coherent assortment that should play a significant role in customer attraction and loyalty (Debabi, 2007)[32]. Several authors have studied product assortment and pointed to its importance to customer loyalty (Chernev & Hamilton, 2009[26]; Willart, 2006[74]; Amine & Cadenat 2000[7]; Dacco, 2000[30]; Stassen & al, 1999[69]). Indeed, assortment size does reflect the options presented to customers and helps differentiate a brand from its competitors. The variable “product assortment” integrates itself within the retailer’s overall strategy and ultimately within their...
merchandising approach as it is one of the main component of that strategy (Fellag, 2009)[38]. Supermarkets grew aware of the greater importance of their assortments and subsequently the significance of constructing an effective product assortment. Indeed, success of Point Of Sales depends on their assortment policies. Differently put, the number of displayed items, product quality, and the presence or absence of private-label products strongly affect consumer behavior. The consumer, while visiting a store, hopes to shop once and for all while saving time and therefore finding everything they seek in terms of products, brands, prices, etc. In this regard, Hoch & al (1999)[51] show that, in order to choose their store, consumers rate the assortment options immediately after rating the location and prices. Moreover, assortment constructed by the retailer should meet customer expectations in terms of the variety of the products and brands displayed on the shelves. This is in line with the idea that the presence of a wide range of brands and products offers the consumer an assortment that ensures coherence across product families. This should play an important role in customer attraction and loyalty (Debabi, 2007)[32].

In the retail sector, we witness a growing trend in the proposed product lines and regional brands. These are of interest to customers who look not only for competitive prices but also for an increasingly high quality. Currently aware of this phenomenon and seeking a differentiation based on other than prices, producers and retailers combined efforts to develop a region-based offer whose assortment consists of mainly special private brands and private-label products that vehicle a regional stamp. In this area, it is clear that research is still relatively scarce (Albertini, Bereni & Filser, 2006)[2], Albertini & Bereni, 2005)[3]. Consumer interest in regional products is growing (Dubois, 1998[36]; Trognon & al, 1999[72]; Pilleboue, 1999[63]; Siriex & Aurier, 2004[36]; Auréli & Mathilde, 2012)[8]. In this regard, Lapoule (2005)[54] points out that consumers of regional products wish to break out with uniformity and search instead for a good quality/price ratio.

Regional product assortments are gradually expanding and now are offered on regional markets, yet with no particular link with local customs (Albertini & Bereni, 2005)[3]. Albertini & al (2006)[2] suggest that regional products and "region-based private-label products" are key references for retailers’ assortment policies. Indeed, the authors claim that a retailer’s region-based product assortment is made up of own regional brands, represents local customs and is enriched by region-based private-label products. Thus, according to them, to meet customer expectations, retailers integrate in their assortments region-based private-label products as well as regional brands that could strengthen consumer attachment to the point of sale. Several studies have shown that a retailer’s assortment plays a significant role and affects customer commitment and loyalty to the point of sale (Willart, 2006)[74]; Chernev & Hamilton, 2009)[26]. Many researchers emphasized customers’ growing interest in regional products (Dubois, 1998[63]; Trognon & al, 1999; Pilleboue, 1999[63]; Siriex & Aurier, 2004[10]. Thus, regionalization of the offer, so to speak, is becoming increasingly important for large and mid-sized retail areas and marketing researchers may not remain indifferent to such a development. Moreover, exploring the status of regional brands as perceived by buyers and retailers may also help to give a new perspective to examine the ways possible to enrich retailers’ offer (Albertini & al, 2006)[2].

Bearing in mind the above assumptions, we formulate the following research hypotheses:

H1: availability of local products in an assortment positively affects customer loyalty to the point of sale.

H2: availability of local products in an assortment positively affects customer commitment to the point of sale.

2.2 The mediating role of commitment

The concept of commitment is borrowed from social psychology. Dwyer & al (1987)[37] were the first to define commitment in the marketing field as "an explicit or implicit guarantee of the continuity of the relationship between the exchanging partners". Given the importance of this concept, commitment was the focus of several studies. Accordingly, many definitions have been proposed. Several previous studies have investigated the link between engagement and consumer behavioral responses. Many researchers conclude that commitment goes beyond a positive attitude towards the brand, and reiterate that it is a component essential to building up long-term loyalty (Morgan & Hunt, 1994[58]; Allen & Meyer 1991)[5]. Commitment appears to be a component of consumer brand loyalty (the store) making it possible to distinguish between a genuine loyalty from an inertia behavior (Amir, 2009).

The concept of commitment was defined as "the will to pursue a relationship with a supplier or a brand" (Desse, Nicholson & Buisson 2009)[33]. It denotes then consumers’ psychological attachment to their partners (Morgan & Hunt, 1994; Fullerton, 2003[41]; Bansal & al, 2004)[12]. This concept also explains the relationship between consumers and brands (Verhoef & al, 2002[73]. Sharma & Pettersson, 2000[67]; Assael, 1992[11]; Day, 1969)[31]. Accordingly, it can be said that commitment stands at the center of relationship marketing and is a key concept that ensures the continuity of a relationship. In the same line of thinking, Kaabachi (2007)[52] adds that commitment is "an essential ingredient of relationship marketing allowing for the stability and sustainability of any exchange relationship".

Moreover, Moorman & al (1992)[57] consider commitment as the willingness to develop a stable relationship, the willingness to make short-term sacrifices
to maintain the relationship and trust in the stability of the relationship.

Commitment has been introduced into consumer behavior research. It has been defined as “a rational decision to be loyal to a brand, a purchasing habit and a strong emotional bond towards the brand” (Day, 1969). In addition, under a consumer behavior perspective, we may retain other definitions (Magnoni & Roux, 2005). Indeed, Gurviez (1998) defines commitment as “an intention, explicit or implicit, to maintain a lasting relationship with the brand.” In the same vein, Frisou (2000) distinguishes explicit from implicit commitment. The author defines explicit commitment as “customers’ will to maintain, through individual efforts, a relationship that they judge and whose value increases depending on its duration”. On the other hand, the author defines implicit commitment as “a customer’s awareness of a purchasing behavior with the partner or brand”.

In summary, while several authors consider commitment as a unidimensional construct (Garbarino& Johnson, 1999; Henning Thuran & al, 2002; Pritchard et al, 1999; Sharma & Pettersen, 2000), others highlight its multidimensional nature (Gillilard & Bello, 2002; Gruen & al, 2000; Gundlach & al, 1995). Indeed, some authors see commitment as a three-dimensional concept (Allen & Meyer, 1990). In this respect, we can distinguish the following three dimensions: affective, continuance and normative commitment (Bansal & al, 2004; Gruen & al, 2000).

To our knowledge, very few marketing studies have focused on the normative dimension of commitment (Bansal & al, 2004; Gruen & al, 2000; Moulins & Roux, 2009; Mercier, 2010). Accordingly, some researchers advocate that consumer commitment is two-dimensional, consisting of an affective dimension and a continuance dimension (Fullerton, 2003, 2005; Gillilard & Bello, 2002; Harrison-Walker, 2001; Boulaiire & Mathieu, 2000).

Drawing on the above studies, we retain the following hypothesis:

**H3:** The stronger consumers’ commitment to the brand is, the more loyal they will be.

In the literature, we found that commitment plays a mediating role in the relationship between the customer and the brand (Frisou 1998; Aurier, Benavent & N’Goala 2001; N’Goala, 2003). In this study, our model endorses the assumption that product assortment fosters commitment, and that commitment to the brand induces loyalty to it. Subsequently, assortment indirectly affects loyalty, through commitment (a mediating variable). Thus, in our research model, commitment mediates the effect of assortment on brand loyalty. This brings us to the following hypothesis:

**H4:** Commitment mediates the effect of an assortment containing a regional product on brand loyalty.

Determinants of commitment are both cognitive (satisfaction with product performance) and affective (brand attachment) (Lacoeuilhe, 2000 cited by Desse, Nicholson & Buisson, 2009). Then, attachment appears to significantly determine commitment (Chaudauri & Holbrook, 2001 & 2002; Cristau, 2003; Thomson & al, 2005). In what follows, we will develop the concept of brand attachment.

### 2.3 Brand Attachment

Attachment is a concept that has been the focus of several studies. Despite some contributions of recent research (Lacoeuilhe 2000; Cristau, 2001; Heilbrunn, 2001), several researchers have confused the concept of attachment with the affective dimension of commitment (Gruen & al, 2000; Meyer & Allen, 1991; Fullerton, 2003 and 2005). Others perceive it as a concept which complements the psychological dimension of brand or supplier loyalty. Consequently, there is still some noted confusion between attachment and its consequences (Mills & Roux, 2009). However, Lacoeuilhe (2000) and Heilbrunn (2001) proposed a theoretical basis to the construct in terms of its content validity (Belaid & Lacoeuilhe, 2007).

Therefore, the concept of attachment can be said to differ from other forms of affective reactions such as emotion, preference and attitude (Lacoeuilhe, 2000; Roux & Magnoni, 2005). Marketing research also found differences between brand loyalty and other concepts such as involvement, commitment or loyalty (Poncin & Desse, 2008). Indeed, involvement relates to a product category while attachment refers to a particular brand (Belaid & Lacoeuilhe, 2007). In addition, attachment differs from loyalty and in particular brand commitment. Thus, the concept of attachment is upstream and feeds on commitment. However, a person can be attached to a brand without nevertheless showing an observed loyalty behavior (Pincon & Desse, 2008).

In the same line of thinking, Amine (1994) shows that under a consumer behavior perspective, commitment often refers to attachment while the author still distinguishes the two concepts. Thus, and as a follow up to these assumptions, we can say that commitment, loyalty and commitment are distinct constructs (Pincon & Desse, 2008). If the literature is beginning to apprehend the concept of brand loyalty, to our knowledge, only two studies have examined the concept of brand attachment (Pincon & Desse, 2008; Desse, Nicholson & Buisson 2009). However, it may be relevant to consider the significance of the affective dimensions to the consumer-brand relationship. Indeed, the concept of brand attachment may allow for a better understanding of customer loyalty and commitment towards the retailer.

In this study, it seems necessary to establish a distinction between brand and point of sale and apply the concept of...
brand attachment (Cristau & Lacoeuilhe, 2008)[29]. Like the producer, the retailer shows as well interest in customer loyalty. Thus, referring to the above-mentioned assumptions, we propose the following hypotheses:

**H5**: the stronger consumers’ attachment to a brand offering a regional product, the stronger they will be committed to it.

**H6**: consumers strongly attached to a regional product (regional brand) will substitute its attributes (variety and / or package size) rather than the product (brand).

**H7**: the importance attached by the consumer to a regional product positively correlates with their loyalty to the point of sale.

### 3. METHODOLOGY

To test our research problems, we conducted a customer survey of "Monoprix", "Magasin General" and "Carrefour Market" in several regions of Tunisia. In our quantitative study, we used a questionnaire to collect the data. Indeed, we conducted a face-to-face survey of a convenience sample of 300 people doing their shopping in Monoprix, Magasin General and Carrefour market to test our research hypotheses.

#### 3.1 The measurement scales

**Commitment**: To measure commitment, we used the scales of Frisou (2000)[40], Allen & Meyer (1991) [5] and N’Goala (2003). In Kaabachi (2007)[52], reliability of this commitment scale is satisfactory (0.88).

**Loyalty**: To measure loyalty to the point of sale and consumers’ future behavioral intentions towards the point of sale, we used the 4-item scale of Bloemer&Ruyter (1998)[17], Themessék& Ben Dahmen (2009) [36] and Boulding& al (1993)[22]. We asked respondents to rate the specific probability of some statements, on a 5-point Likert scale (very unlikely, unlikely, uncertain, likely or very likely). Like Zeithaml, Berry & Parasuraman (1996)[76], we assumed the unidimensionality of this scale.

**Assortment**: To measure product assortment, we referred to Nevin& Houston (1980), Dodds & al (1991)[35] and Berman & Evans (1995) [35] and Ngobo & Sohier (2009)[62]. In Chang &Yoo (2005), the reliability of the used assortment scale is satisfactory (0.91). In our study, we selected the items of the assortment measurement scale and adapted them to the focus of our study, an assortment of regional products.

**Attachment**: Given the plethora of studies on the determinants of loyalty, the literature provides several measurement scales. We chose the one proposed by Lacoeuilhe to measure brand attachment (Lacoeuilhe 2000[53]; Lacoeuilhe & Belaid, 2007[14]; Lacoeuilhe & Cristau, 2008)[14]. The reliability of this scale has been validated repeatedly.

### 4. RESULTS

To test our hypotheses, we used the structural equations method with a maximum likelihood, processed by the AMOS software (Akrout, 2010)[14]. The results are presented in Table 1. The various calculated fit indices are very satisfactory and allow us to conclude to a good fit: The minimum chi-square is acceptable (below 5 and equal to 3). The various indices (GFI, CFI, TLI, NFI, IFI) indicate a good global fit quality. AGFI is equal to the threshold, 0.834 attesting for an acceptable goodness of fit (Browne & Cudeck 1993)[23]. RMR is 0.051. RMSEA is below 0.08 indicating a reasonable fit quality.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Relationships between constructs</th>
<th>T</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>H1</strong></td>
<td>Assortment (structure) → Loyalty</td>
<td>2.067</td>
<td>0.028</td>
</tr>
<tr>
<td></td>
<td>Assortment (importance) → Loyalty</td>
<td>3.562</td>
<td>0.000</td>
</tr>
<tr>
<td><strong>H2</strong></td>
<td>Assortment (structure) → Commitment</td>
<td>3.973</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Assortment (importance) → Commitment</td>
<td>4.549</td>
<td>0.000</td>
</tr>
</tbody>
</table>

![Figure 1: The research model](image-url)
As indicated in Table 1 above, availability of local products in an assortment have significantly and positively affected loyalty to the point of sale (t = 2.067, p = 0.028 and t = 3.562, p = 0.000). Hypothesis H1 is retained. The results also allow us to retain hypothesis H7, which assumes that the importance given by the consumer to regional products positively correlates with their loyalty to the point of sale. In addition, an assortment containing regional products positively and significantly affects consumers’ commitment to the point of sale. We therefore retain hypothesis H2.

Importantly, the results confirm the idea that a consumer committed to a point of sale may be loyal to it. The significant effect of commitment on loyalty (t = 2.382, p = 0.017) confirms hypothesis H3. These results confirm those of Morgan & Hunt (1994) [58] who argue that commitment is an essential component of loyalty.

Following Baron & Kenny (1986) [13], we test whether an assortment of regional products (independent variable) has a significant effect on loyalty to the point of sale (dependent variable) through commitment (mediating variable). The explanatory effect of assortment of regional products has been demonstrated in the presence of commitment variable. However, there is no significant effect of assortment containing regional products (t = 1.118, p = 0.264 and t = 0.938, p = 0.349) on loyalty to the point of sale when commitment is introduced into the model. Moreover, the mediator is significant in this relationship (t = 3.021, p = 0.003). Thus, we can say that commitment is a mediating variable in the relationship between assortment of regional products and loyalty to the point of sale. Hypothesis H4 is retained.

As indicated in Table 1, the relationship between attachment and commitment is significant (t = 8.400, p = 0.000). The stronger consumers’ attachment to a point of sale offering regional products, the stronger they will be committed to it. Hypothesis H5 is retained.

Our results confirm those of Chaudauri & Holbroock (2001 and 2002) [25], Cristau (2003) [28] and Thomson & al (2005) [71], which assume that attachment significantly determines commitment. The results indicate also that consumer attachment may affect loyalty degree. The positive relationship (t = 5.314; p = 0.000) confirms hypothesis H6. This contrasts the findings of Pincon & Desse (2008) [14] and those of Belaid & Lacoeuilhe (2007) [14] who argue that it is possible to find a person attached to a brand without nevertheless showing an observed loyalty behavior.

### 5. CONCLUSION

Our results reiterate the importance of the "regional product assortment" variable in explaining consumer loyalty behavior. These results confirm those of Chernev & Hamilton (2009) [26] and Willart (2006) [74] who highlight the importance of assortment in consumer loyalty.

Our results also indicate that most respondents give an importance to regional products as they wish to break out with the uniform vertical retailing model. This can be also explained by the fact that consumer interest in local products has risen sharply (Dubois, 1998; Pilleboue 1999; Sirieux & Aurier, 2004; Auréli & Mathilde, 2012) [8]. Indeed, consumers of local produce seek a good quality/price ratio and want in addition to break out with the uniformity of vertical retailing (Lapoule, 2005) [54]. Respondents also claim that food is the most important and a necessary component in an assortment of regional products. Therefore, to reassure customers on regional products provided by small producers, it is necessary to develop regulations that certify and standardize regional products. With these results, we can provide some recommendations for retailers. On the one hand, considering local consumer requirements should make retailers more profitable. On the other hand, our results may also be used to develop and value regional products in the store shelves.

### 6. REFERENCES