

Customer Retention in Supermarkets – An Evidence from Retail Market in Vietnam

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Doctoral Thesis Summary

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**Retence zákazníků v supermarketech - poznatky z
maloobchodního trhu ve Vietnamu**

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ABSTRACT

In a world with enormous opportunities and challenges from the technology revolution and the lingering COVID-19 pandemic, customer retention is more important than ever for retailers. While marketing and advertising are limited in the tough time, the retail operations become the salvage and dominance with the increasing sales recovered in 2021 thanks to food and essential business.

Currently, many researchers and reporters demonstrate that shopping behaviour has changed from offline to online and a combination of online and offline for the consumption of food and essential goods due to the ease of access to the Internet and the ownership of mobile devices, which has stimulated them to shop in modern retail channels more than ever. However, in recent years, minimal attention has been paid to the effects of store operations on changes in shopping behaviour in retail. In particular, the contribution of store operations to customer benefits and customer retention is often less known by shoppers and is hard to measure accurately and adequately by management. Furthermore, the psychological effect on customer retention in supermarkets does not seem to be thoroughly discussed in existing studies.

Therefore, this thesis seeks to fill the gaps between academic knowledge and business practices in retail. With the foundation of commitment-trust theory, the thesis aims to develop and validate the operational model to increase customer retention in supermarkets by investigating the direct and indirect effects through perceived benefits of store operational factors (classified as merchandise-related and service-related factors) under moderating role of psychological ownership. This study is conducted in Vietnam, an emerging country in the APAC, as empirical evidence.

Qualitative research is conducted through in-depth interviews with 32 supermarket managers to obtain expert advice. Furthermore, a quantitative study is conducted using 493 questionnaire surveys to observe shoppers' habits, behaviour, attitudes, beliefs, prejudices, preferences, motivations, and opinions of shoppers for store operational factors, perceived customer benefit and customer retention in supermarkets. Partial Least Squares Structural Equation Modelling is associated with examining the cause-effect relationships among the factors through the relevant indicators.

The study findings offer an operational view of how store's Operational factors significantly contribute to customer retention. Simultaneously, it demonstrates how Perceived benefit mediates the relationships between the Operational factors and Customer retention and how Psychological ownership moderates the effect of Perceived benefits on Customer retention in supermarkets. Practically, research

findings can be a reliable reference for researchers and professionals in the retail industry to forecast Customer retention based on store operations improvement and customers' Psychological ownership.

ABSTRAKT

Ve světě, kde technologická revoluce a pandemie COVID-19 přináší obrovské příležitosti i výzvy, je pro maloobchodníky udržení zákazníků důležitější než kdykoli předtím. Zatímco marketing a reklama jsou v těžké době omezené, maloobchodní operace se stávají záchranou a dominancí s rostoucími tržbami obnovenými v roce 2021 díky potravinám a nezbytnému obchodu.

V současné době mnoho výzkumníků a reportérů dokládá, že nákupní chování se změnilo z offline na online, a kombinaci online a offline pro spotřebu potravin a nezbytného zboží, díky snadnému přístupu k internetu a vlastnictví mobilních zařízení, což je stimulovalo k nakupování v moderních maloobchodních kanálech více než kdy jindy. Vlivu provozu prodejen na změny nákupního chování v maloobchodě však byla v posledních letech věnována minimální pozornost. Zejména přínos provozu prodejen k přínosům pro zákazníky a k udržení zákazníků je nakupujícím často méně známý, a management jej jen stěží přesně a adekvátně měří. Navíc se zdá, že psychologický vliv na udržení zákazníků v supermarketech není v existujících studiích důkladně diskutován.

Proto se tato práce snaží zaplnit mezery mezi akademickými poznatky a obchodní praxí v maloobchodě. Na základě teorie důvěry a závazku si práce klade za cíl vyvinout a ověřit provozní model pro zvýšení retence zákazníků v supermarketech prostřednictvím zkoumání přímých a nepřímých účinků prostřednictvím vnímaných výhod provozních faktorů prodejny (rozdělených na faktory související se zbožím a faktory související se službami) za moderující role psychologického vlastnictví. Tato studie je prováděna ve Vietnamu, rozvíjející se zemi v oblasti APAC, jako empirický důkaz.

Pro dosažení výzkumných cílů je kvalitativní výzkum prováděn prostřednictvím hloubkových rozhovorů s 32 manažery supermarketů za účelem získání odborných rad. Dále je proveden kvantitativní výzkum prostřednictvím 493 dotazníkových šetření s cílem sledovat zvyky, chování, postoje, přesvědčení, předsudky, preference, motivace a názory nakupujících na provozní faktory prodejen, vnímaný užitek pro zákazníky a udržení zákazníků v supermarketech. Modelování strukturálních rovnic metodou částečných nejmenších čtverců je spojeno se zkoumáním příčinných vztahů mezi faktory prostřednictvím příslušných ukazatelů.

Výsledky studie nabízejí operativní pohled na to, jak provozní faktory prodejny významně přispívají k udržení zákazníků. Současně ukazuje, jak vnímané výhody zprostředkovávají vztahy mezi provozními faktory a retencí zákazníků a jak psychologické vlastnictví moderuje vliv vnímaných výhod na retenci zákazníků v supermarketech. Prakticky mohou být výsledky výzkumu spolehlivým

vodítkem pro výzkumné pracovníky a odborníky v maloobchodě při prognózování retence zákazníků na základě zlepšení provozu prodejen a psychologického vlastnictví zákazníků.

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1. INTRODUCTION

1.1. Retail World Overview

The last decades have seen a growing trend toward modern retail with significant transformations and innovations. Modern retailers, of which prominent format is omnichannel supermarkets (Zentes, Morschett and Schamm-Klein, 2017), bring customers more and more experiences and benefits (Alexander and Cano, 2020; Dunne, Lusch and Carve, 2011) and contribute a significant sales proportion of the global economy.

Regarding the trigger for retail innovations, the breakthrough in ICT generates the introduction of e-shopping as one of the most essential achievements in the retail industry (Shankar et al., 2021). In contrast, the COVID pandemic still negatively impacts the global economy. Consequently, the percentage of consumers who regularly shop at physical stores has remarkably decreased in the past two years (Statista, 2021a). However, omnichannel retailers with the salvage of online shopping have the best adaptation to customer needs and desires, while consumer shopping behaviour has changed significantly. Notably, Statista (2021a) reports that 50% to 68% of shoppers in APAC countries (except Japan) prefer a combination of offline and online shopping channels; others state that they only do online shopping. Surprisingly, while 45% of Japanese consumers prefer to shop in the physical store only, 42% of Vietnamese state that they no longer shop in physical stores.

Nevertheless, in emerging countries of Asia such as China, Hongkong, India, Indonesia, Korea, Malaysia, Taiwan, and Vietnam, wet markets and traditional grocery stores exist sustainably and also aggressive rivals of modern retailers (Gorton, Sauer and Supatpongkul, 2011; Huang, Tsai and Chen; 2015; Yi and Gim, 2018; Si, Scott and McCordic, 2019). Traditional retailers also have numerous loyal customers; therefore, researchers predict that they will continue to be dominant and formidable opponents of omnichannel retailers in the future in these countries (Yuan, Si, Zhong, Huang, and Crush, 2021).

1.2. Research Gap

1.2.1. Store Operations, Customer Perceived Benefit, and Customer Retention in Retailing

Retailing is a critical sector in any economy, rapidly changing worldwide markets, businesses, and consumer shopping behaviour (Hübner, Amorim, Kuhn, Minner, and Van Woensel, 2018). As an inevitable trend of the 4.0 technology revolution, it deals with novel challenges and complexities (Caro, Kök, and Martínez-de-Albéniz, 2020; Mou, Robb and DeHoratius, 2017). Moreover, the COVID-19 pandemic severely impacts people's lives and the global economy, and especially retail industry (Roggeveen and Sethuraman, 2020). During difficult times, in addition to seeking short-term operating approaches (e.g., delivery, inventory, and

supply chain aspects) to ensure customers' essential needs, retailers attempt to predict customer behaviour after a pandemic as likely new-normal (Gauri et al., 2021; Hwang, Nageswaran and Cho, 2020; Roggeveen and Sethuraman, 2020). Therefore, store operating performance with a customer-centric approach is a considerable long-term solution for omnichannel retailers to increase customer benefits and retention (Gupta and Ramachandran, 2021; Roggeveen and Sethuraman, 2020).

However, the generalizability of many published studies on customer retention (CR) is based on a marketing perspective, while store operations play a critical role in business organizations (Chase and Jacobs, 2006; Slack, Brandon-Jones and Johnston, 2016; Stevenson, 2018). According to Berman, Evans and Chatterjee (2018), Cox and Britain (2004), Dunne, Lusch and Carve (2011), and Zentes, Morschett and Schamm-Klein (2017), store operations create and deliver the initial value of products and add the extra services for customers. However, operations management in supermarkets is extraordinarily complex but invisible to customers; therefore, measuring its influences on customers or CR during the business process is challenging. According to Bojei, Julian, Wel, and Ahmed (2013, p.175), "*Customer retention was operationalized as the extent to which customers felt they had demonstrated loyalty and commitment to a particular store measured via their repeat purchase behaviour.*" However, Bojei et al. (2013) also argue that CR can be measured by loyalty instead of customer benefits generated from store operating performance. Many authors admit that one of the consequences of perceived benefit (PB) is CR (Hanaysha, 2018; Moeller, Fassnacht and Ettinger, 2009), repurchase intention, or purchase decision (Saini and Sahay, 2014; Zhu, Goraya and Cai, 2018; Masri, You, Ruangkanjanases and Chen, 2021; Swoboda and Winters, 2021), patronage or patronage intention (Emrich, Paul and Rudolph, 2015; Goraya et al., 2020; Saini and Sahay, 2014), and even customer loyalty and satisfaction (Kim, Lee, Choi, Wu and Johnson, 2013; Kyguoliene, Zikiene and Grigaliunaite, 2017; Moeller, Fassnacht and Ettinger, 2009). Therefore, it is essential to have a deeper insight into the relationships between store operations, customer's PB and CR in retail.

1.2.2. Psychological Ownership and Shopping Behaviour in Retailing

In recent decades, there has been an increasing expansion of studies on the combination of psychological ownership (PO) and consumption behaviour (Peck and Shu, 2018; Liu and Fan, 2020; Nguyen, Hoang, Chovancova and Tran, 2022). In particular, Lessard-Bonaventure and Chebat (2015) demonstrate that product touch leads consumers' willingness to pay for the applicable extended warranty with PO mediating role. In contrast to earlier studies, Morewedge, Monga, Palmatier, Shu and Small (2021) emphasize that PO is positively associated with consumer demand and satisfaction, willingness to pay or word of mouth, and competitive business resistance in the era of technology innovation. Therefore, understanding PO is essential for companies to survive and adapt to constant

changes in the business environment. However, almost all scholars only mention the links between PO and customer loyalty, patronage, or the likelihood of increasing CR. Statistically, these authors have discussed PO as a mediator (Fritze, Marchand, Eisingerich and Benkenstein, 2020; Lessard-Bonaventure and Chebat, 2015; Liu and Fan, 2020), not yet tested whether there is a moderating role of PO on the relationships among other constructs.

Henceforth, the thesis will not only examine the direct effect of PO on CR but also reinvestigate its moderating role on the effect of PB on CR with store operational factors as antecedents of PB and CR in a retail context.

1.2.3. Motivations for the Study in Vietnam Retailing

The first supermarket was introduced in Vietnam in 1967 (Saigoneer, 2016); however, the establishment of the SAIGON CO.OP supermarket chain in 1996 officially marked the first development steps of Vietnam's modern retail industry (Saigon Co.op., 2022). Since January 1, 2009, when Vietnam opened the retail market for foreign companies as a commitment to the WTO, the Vietnamese retail industry has made impressive strides in scale and sales growth.

Since 2018, Vietnamese consumers' monthly shopping trips to supermarkets have decreased from 3.26 in 2008 to 2.45 in 2018 (Nielsen, 2019). As Statista (2021b), 60% of Vietnamese consumers have reduced their frequency of shopping in physical stores due to the strongly negative impact of COVID-19 since the beginning of 2020. Moreover, a survey in June 2021 by Statista (2021a) indicates that 42% of shoppers switch their shopping from in-store to online only, 50% mix both online and instore, and 8% remain shopping in physical stores only. Despite many studies in the Vietnamese retail sector, most scholars focus only on consumer shopping behaviour from a marketing point of view. For instance, they pay more attention to explaining how customer satisfaction and loyalty are affected by trust, bonding, shared value, communication, empathy (Hau and Ngo, 2012), and corporate reputation (Nguyen, Tran, Vu, and Ngo, 2016). Recently, Doan (2020), Nguyen, Nguyen and Tan (2021), Nguyen et al. (2022), Pham, Tran, Misra, Maskeliūnas and Damaševičius (2018) demonstrate marketing and operational factors impacting customer patronage, or repurchase intention but limited to online shopping surveys. Bui, Nguyen and Tran (2021), and Tran (2020) pay more attention to omnichannel retailers in their studies. Still, they have not profoundly explored the effects of store operating activities, which may generate customer PB and support CR. Furthermore, the influences of consumer PO or sense of familiarity on the repurchase behaviour in supermarkets do not appear to have been studied in the Vietnam retail context.

More than ever, omnichannel retailers, especially supermarkets, as a typical modern trade format, should have an overview of CR from an operations perspective in a rough context of the negative impacts of the severe pandemic. Based on the research gap, *the main aim of this research is to develop and*

validate the retail operational model for supermarket channel that increases customer retention in the long term. Hence, it is essential to conduct this thesis to discover whether supermarket operational factors enhance CR by mediating the role of PB under the moderating effect of PO in the Vietnamese retail context as empirical evidence.

1.3. Research Problem, Research Questions, and Research Objectives

The world has just witnessed the success of the 4.0 technology revolution and struggled with the difficulties caused by the covid-19 pandemic. As a result, shopping behaviour has changed significantly (Naeem, 2020; Sayyida, Hartini, Gunawan and Husin, 2021; Schreiner and Baier, 2021) from instore shopping to online shopping or a combination of online and instore shopping. More than ever, retailers pay more attention to operations, e.g., delivery, inventory, and supply chain, to ensure the essential needs of customers (Pantano, Pizzi, Scarpi and Dennis, 2020) and increase customer retention (Roggeveen and Sethuraman, 2020; Shankar et al., 2021). While, marketing and advertising activities are limited during the pandemic outbreak and the social distance (Hoekstra and Leeflang, 2020; Schreiner and Baier, 2021).

Especially supermarkets and hypermarkets, the typical formats of omnichannel retailers that can offer both instore and offline shopping channels, are seeking short-term operating approaches under the pressures of the aggressive competition of other retail channels and the impacts of the severe pandemic to ensure the essential needs of customers. They are simultaneously attempting to predict customer behaviour after a pandemic as likely new-normal (Gauri et al., 2021; Hwang, Nageswaran and Cho, 2020; Roggeveen and Sethuraman, 2020). Therefore, store operating performance with a customer-centric approach is a considerable long-term solution for supermarkets to increase customer benefits and retention (Gupta and Ramachandran, 2021; Roggeveen and Sethuraman, 2020).

Furthermore, Di Crosta et al. (2021) and Naeem (2020) claim that due to consumer psychology (e.g., anxiety, depression, fear, hedonic for items, etc.) of impulse buying during the COVID-19 pandemic, customers buy more products from retailers without promotions of retailers. However, the authors have not mentioned PO as a factor that significantly influences consumer behaviour more frequently when negative psychology is no longer in a new normal context.

Consequently, the problem is raised *“What are the key factors that increase customer retention in supermarkets for the long term?”*. Regarding the concerns mentioned above, this problem can be detailed in three dimensions as follows:

- *Whether operational factors contribute to long-term customer retention in supermarkets.*

- *Whether the perceived benefit of shopping in supermarkets, generated by operational factors, enhances customer retention.*
- *Whether psychological ownership of customers interferes with their perception of benefits and retention in supermarkets.*

Based on the research gap, the research problem, and the main research aim, the research questions to address the research gap in the supermarket context are developed as follows:

- **RQ1:** *Which operational factors contribute to Customer retention in supermarkets?*
- **RQ2:** *Does Perceived benefit, generated by operational factors, enhance Customer retention in supermarkets?*
- **RQ3:** *Does Psychological ownership affect Customer retention and interfere with the relationship between Perceived benefit and Customer retention in supermarkets?*

To answer the research question and especially achieve the research's main aim, the research objectives are set as follows:

- **RO1:** *To identify the operational factors that directly affect Customer retention in supermarkets.*
- **RO2:** *To investigate the direct effect of Perceived benefit, generated by operational factors, on Customer retention, or its mediating role in the relationships between operational factors and Customer retention in supermarkets.*
- **RO3:** *To investigate the direct effect of Psychological ownership on Customer retention and its moderating role on the relationship between Perceived benefit and Customer retention in supermarkets.*

1.4. Research Process

This research pursues pragmatism; therefore, it has started with an academic gap in retail store operations and aims to explore how theories of marketing, retailing, and customer behaviour work in retailing practice. Materials used as the foundation of the thesis include books (textbooks and handbooks), papers listed by prestige journals (especially indexed by Web of Science and Scopus), governmental and industrial reports, or reports of reputation research organizations. The conceptual framework and hypotheses are also formulated based on literature review and research gaps. The combination of qualitative (in-depth interview) and quantitative research (survey questionnaire) is deployed with Partial least squares structural equation modelling (PLS-SEM) associated. The research methodology is summarized in Table 1.

Table 1: Summary of research methodology

Approach and Process	Methodology	
	Qualitative	Quantitative
Research Techniques and Tools	In-depth interviews with a semi-structured protocol, conducted face-to-face and online	5-Likert questionnaire survey in the “Google Doc” form which is answerable via PC or mobile devices.
Sampling and Participants	<ul style="list-style-type: none"> - Non-probability sampling - Thirty-two store operations managers with at least three years of working experience in the five biggest supermarket chains in Vietnam. 	<ul style="list-style-type: none"> - Random sampling - 493 shoppers from the five largest supermarket chains in Vietnam who shop at least once a month in any store of the five largest supermarkets in Vietnam (satisfied the conditions of path coefficients (β_{\min}) of greater than 0.05 and the significance level of 5% or 10% (Hair et al., 2021).
Data Analysis and Purposes	<ul style="list-style-type: none"> - Results of the interview in media files to be transcribed and analyzed by NVivo - Investigate the suitability of the proposed constructs from an operational perspective. - The indicators with an agreement rate of more than 60% to be developed in the survey questionnaire for quantitative research. 	<p><i>Data collected are summarized data by JASP for:</i></p> <ul style="list-style-type: none"> - Analyzing respondents’ demographic information and shopping habits. - Visualizing the data as Mean, Median, and Standard deviation. <p><i>Data collected are analyzed by SmartPLS as PLS-SEM process for:</i></p> <ul style="list-style-type: none"> - Evaluating the convergent, consistency, and discriminant validity of measurement models. - Evaluating construct model to examine the direct, indirect, mediating, and moderating effects of constructs on CR. - Bootstrapping to assess significance level for hypothesis testing

Source: The author’s works

2. LITERATURE REVIEW

2.1. Retailing and Retail Store Operations

“Retailing is the sale of goods and services to the ultimate consumer for personal, family, or household use. Thus, retailing involves more than selling tangible products” (Cox and Britain, 2004, p.3). Furthermore, for Caro, Kök, and Martínez-de-Albéniz (2020), retailing consists of all activities associated with the sale of goods to the final consumer; therefore, it links all activities and procedures needed to seek merchandise made elsewhere into the hands of the consumer with additional services enclosed. Regarding retailer format, Piotrowicz and Cuthbertson (2019) and Zentes, Morschett and Schamm-Klein (2017) claim that omnichannel is the new form of retail in the retail life cycle and a current phenomenon globally. Furthermore, Verhoef, Kannan and Inman (2015, p.176) define omnichannel as the integration of *“the numerous available channels and customer touchpoints, in such a way that the customer experience across channels and the performance over channels are optimised.”* In recent years, retailers worldwide have adopted the omnichannel retail format as the interaction of supermarkets or hypermarkets with e-commerce (Bijmolt et al., 2021; Zentes, Morschett and Schamm-Klein, 2017).

In fact, omnichannel retail operations involve numerous complicated tasks. As a result, what customers experience in stores or online with quality products and services received results from innumerable efforts of relevant functions, primarily from operations (Hübner et al., 2018). Dunne, Lusch and Carve (2011) also admit that retailers can gain a competitive advantage by offering the best benefits to customers or having lower operating costs by utilizing their resources through operations management. While, Berry (1996) and Lawson (2005) claim that with the strategy to compete on value, retailers offer their customers with total experience, i.e., dominant merchandise assortments, pricing fairness, customer respect, time and energy saving and fun to shop. Given retail operations, Kandampully (2012) provides a suggestion that all aspects of modern retail business primarily concern product-related and service-related issues, from procurement to the establishment of stakeholder relationships. In addition, Dunne, Lusch and Carve (2011), Levy, Weitz and Grewal (2019), and Zentes, Morschett and Schamm-Klein (2017) offer more detailed insight that retail store operations primarily involve site location with store layout and design, merchandise, pricing, visual merchandise, human resource, customer services, information systems, supply chain management, and communication mix or in-store marketing.

To gain a fascinating insight of retail store operations, its key dimensions, considered as operational factors in this thesis, will be classified into two groups, namely *Merchandise-related factors* (including Products, Presentation, Price) and *Service-related factors* (including People, Premises, ICT systems, and Customer services) in the supermarket context based on the concepts of Dunne, Lusch and

Carve (2011), Kandampully (2012), Levy, Weitz and Grewal (2019) and Zentes, Morschett and Schamm-Klein (2017).

2.2. Customer Retention and Store Operations in Retailing

CR can be understood as the capacity of a company or the ability of a product to maintain a continuous business relationship with customers for the long term (Vroman, 1996). For Oliver (1997, p.392), CR means “*Deeply held commitment to rebuy or re-purchase a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behaviour.*” In other words, Buttle (2004) and Almohaimmeed (2018) define CR as a company’s effort to promote a long-term sustainable business relationship with its customers or the continuity of relationships between the organization and the customers. Based on previous studies, Buttle and Maklan (2019, p.95) practically define that “*Customer retention is the number of customers doing business with a firm at the end of a financial year expressed as a percentage of those who were active customers at the beginning of the year.*”

Additionally, Payne, Christopher, Clark and Peck (1998) argue that there are strong linkages between company performance and profitability, and CR due to increasing customer expenditure, repurchase frequency, willingness to pay a price premium, and source of referrals. Furthermore, many scholars hold the view that retailers serve numerous customers every day, so CR is always one of the essential business concentrations (Ahmad and Buttle, 2002; Aspinall, Nancarrow and Stone, 2001; Buttle, 2009; Dunne, Lusch and Carve, 2011; Kanwal and Rajput, 2014). Although scholars admit that CR is today operationalized and also be responsible for operations (Bojei et al., 2013), and store operational activities mainly contribute to the customer's loyalty and significantly improve CR, store operating roles are usually invisible to customers (Bojei et al., 2013; Ray and Chiagouris, 2009; Reddy, Reddy, and Azeem, 2011; Stevenson, 2018).

However, Bojei et al. (2013) argue that loyalty can measure CR and that loyal customers usually stay with the firm and repurchase. Still, customers who make a repeat purchase or retain are not necessarily loyal to the firm (Bojei et al., 2013; Stevenson, 2018). Furthermore, CR rates can significantly influence company profitability, while customer satisfaction does not always guarantee customer loyalty (Stevenson, 2018); therefore, retailers should design a retention strategy with an operational perspective to keep customers shopping in stores as much as possible.

2.3. Perceived Benefits and Store Operations in Retailing

Chandon, Wansink and Laurent (2000) and Liu, Brock, Shi, Chu and Tseng (2013) define PB as the belief in the positive outcome associated with behaviour, usually in a specific transactional context or for an individual’s perception. More particularly, PB is the positive value of customers’ expectation of the quality of products or services (Gan and Wang, 2017; Goraya et al., 2020; Hult, Sharma,

Morgeson III, and Zhang, 2019; Zeithaml, 1988), and is one of the results of the operations process (Slack, Brandon-Jones and Johnston, 2016; Johnston, Shulver, Slack and Clark, 2021).

“Today’s value-conscious customers are neither impressed by the best product nor are they persuaded by the lowest price alone. Instead, consumer purchase decisions are often guided by a careful assessment of what benefits they obtain” (Mazumdar, 1993, p.29). In other words, customers pay more attention to their shopping benefits and cost-effectiveness to save money, time, and effort and maximize their experience and satisfaction (Kim and Kang, 1997; Kim, Lee and Park, 2014; Kim, Pookulangara and Crutsinger, 2002; Zeithaml, 1988). Therefore, PB becomes significant for retailers to satisfy customers and lead to greater customer loyalty to the stores (Alreddy, Siriguppi and Menon, 2019; Kyguoliene, Zikiene and Grigaliunaite, 2017).

It is difficult to find research that deeply discusses the relationships between operations and PB and CR. However, these relationships in retailing can be explained by the commitment-trust theory developed by Morgan and Hunt (1994). The commitment-trust theory says that trust and commitment must exist for a relationship to be successful (Masri et al., 2021; Morgan and Hunt, 1994). Practically, marketing strategy is a communication promise (Steyn et al., 2010), but store operations implement this promise as a commitment and responsibility to customers (Bojei et al., 2013; Mollenkopf, Frankel and Russo, 2011; Sale, Mesak and Inman, 2017; Tang, 2010; Bijmolt et al., 2021). The concept of these scholars can be understood that once retailers fulfill their commitments, customer trust will be created in terms of perceived shopping benefits. Consequently, PB becomes one of the decisive factors for customer satisfaction and loyalty (Kim et al., 2013; Kyguoliene, Zikiene and Grigaliunaite, 2017), which enables CR in a long term (Bojei et al., 2013; Kanwal and Rajput, 2014; Stevenson, 2018), or customer purchase intention, patronage, or patronage intention (Emrich, Paul and Rudolph, 2015; Goraya et al., 2020; Komalasari, Christianto and Ganiarto, 2021; Masri et al., 2021; Saini and Sahay, 2014; Swoboda and Winters, 2021; Zhu, Goraya and Cai, 2018).

2.4. Psychological Ownership and Shopping Behaviour in Retailing

The concept of PO is derived from the extension of self-theory (Peck and Shu 2018). It is described as *“the state in which individuals feel as though the target of ownership (material or nonmaterial in nature) or a piece of it is ‘theirs’ (i.e. ‘It is mine!’)”* (Pierce, Kostava, and Dirks, 2001, p. 299; Pierce, Kostava and Dirks 2003, p. 86). In other words, PO is defined as the individuals’ feelings of ownership or their senses of possessiveness towards a target thing (Dawkins, Tian, Newman, and Martin, 2015; Pierce and Peck, 2018, in Peck and Shu, 2018). Furthermore, Pierce, Kostava and Dirks (2003) also explain that PO refers to the

sense of possession that happens even without truly legal ownership. According to Peck and Shu (2018), PO can predict positive consumer attitudes or behaviour such as willingness to pay more for a product or service, word-of-mouth, or purchase intention. Furthermore, *“People assume psychological ownership of such decisions because they are partly responsible for the outcome, and this tends to elicit positive feelings”* (Fuchs, Prandelli, and Schreier, 2010, p. 67).

According to Dawkins et al. (2015), the feeling of having possessions of objectives can enhance efficacy due to a sense of power, control, or influence. Besides, Zhao, Chen, and Wang (2016) argue that feelings of PO toward an object may lead individuals to experience, control, or possess it. Recently, Morewedge et al. (2021, p. 197) claim that *“Psychological ownership is, in many ways, a valuable asset. It satisfies important consumer motives and has value-enhancing consequences”*. Furthermore, Baxter and Aurisicchio (2018) argue that PO has three motives: Efficacy and effectance, Self-identity, and Having a place to dwell; and three routes: Control, Self-investment, and Intimate knowledge. Thus, it has been figured out that understanding the motives and routes of PO can help marketers and managers predict customers’ behaviours (Baxter and Aurisicchio, 2018).

Regarding purchase intention, Weiss and Johar (2018) claim that with PO, consumers tend to obsess about the product or service owned; therefore, they quickly make decisions about this product or service and even retention decisions. Also, De Canio and Fuentes-Blasco (2021), De Vries, Jager, Tijssen and Zandstra (2018), and Peck and Shu (2009) admit that touching an object or mental imagery of an object will lead to greater perceived ownership of the thing. Moreover, Kirk and Swain (2018) demonstrate that digital technologies can enhance PO by providing opportunities to consumers, showing or developing their feelings of ownership in the diverse digital environment (e.g., websites, virtual worlds, or social media). In recent research, Lee, Choi and Kim (2021) have demonstrated positive relationships between PO and customer trust, satisfaction, PB, and perceived risks in the service industry.

Therefore, it can be determined that omnichannel retailers in the evolution driven by technology should preserve customer PO as a priority of business strategy. Furthermore, offering a practical and convenient shopping environment for customer experience or attractive design imagery on websites or any media channel to improve PO creates customer trust, satisfaction, PB and CR.

3. RESEARCH FRAMEWORK AND HYPOTHESES

The commitment-trust theory (Morgan and Hunt, 1994) is applied as the theoretical foundation in this thesis to explain the relationships between retailers (trading parties) and customers (committed parties) through store operations as a commitment to creating customer trust or PB, and to predict behaviour and

attitudes of shoppers toward the stores in the form of retention or intent to repurchase and patronage in-store or online.

Based on commitment-trust theory, research gap, the review of the existing studies and the nature of supermarket operations, the research framework (Figure 1) is formulated to present the effects of operational factors, classified into two groups: namely, Merchandise-related and Service-related, on PB and CR. Simultaneously, the conceptual model shows the mediating role of PB between Merchandise-related and Service-related factors and CR and the moderating role of CR in the effect of PB on CR.

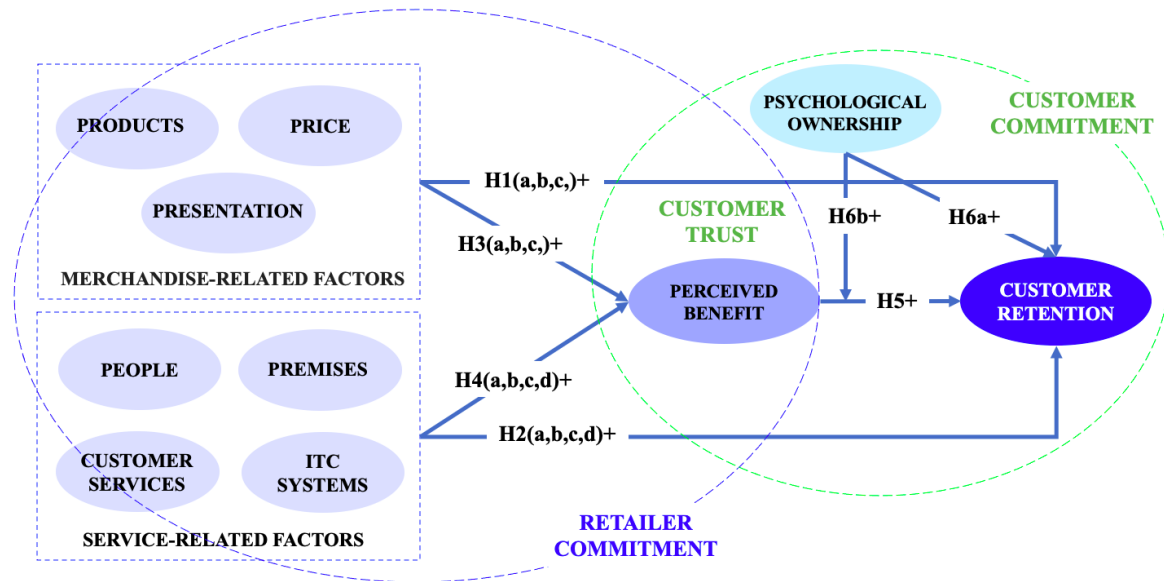


Figure 1: The research framework of the thesis

Source: The author's works

As the main aim, research objectives, and based on the review of existing studies and the research framework, the hypotheses are proposed in detail as follows:

The direct effects of Operational factors (Independent variables) on Customer retention in supermarkets

- **Merchandise-related factors**

H1a: Products have a positive effect on Customer retention.

H1b: Price has a positive effect on Customer retention.

H1c: Presentation has a positive effect on Customer retention.

- **Service-related factors**

H2a: People have a positive effect on Customer retention.

H2b: Premises have a positive effect on Customer retention.

H2c: ICT systems have a positive effect on Customer retention.

H2d: Customer services have a positive effect on Customer retention.

The mediating effect of Perceived benefit (Mediating variable) on the relationships between operational factors and Customer retention in supermarkets

- ***Direct effects of Merchandise-related factors on Perceived benefit***

H3a: Products have a positive effect on Perceived benefit.

H3b: Presentation has a positive effect on Perceived benefit.

H3c: Price has a positive effect on Perceived benefit.

- ***Direct effects of Service-related factors on Perceived benefit***

H4a: People has a positive effect on Perceived benefit.

H4b: Premises have a positive effect on Perceived benefit.

H4c: ICT systems have a positive effect on Perceived benefit.

H4d: Customer services have a positive effect on Perceived benefit.

- ***Direct and mediating effect of Perceived benefits on Customer retention***

H5: Perceived benefit has a positive effect on Customer retention, such that it mediates the relationships between the Operational factors and Customer retention.

The moderating effect of PO factor (Moderating variable):

H6a: PO has a direct positive effect on CR in Supermarkets.

H6b: Customers' PO moderates the effect of PB on CR in Supermarkets, such that the relationship between PB and CR is more robust when PO is high.

4. KEY RESEARCH FINDINGS

4.1. Evaluation of Measurement Models

Figures in Table 2 show that almost all scales satisfy the thresholds of 0.708 as Hair et al. (2019) recommend, except ICT_5 - Constant interconnection and PB_4 - Recognition, the loadings of which are 0.665 and 0.681, respectively. Therefore, it is concluded that these indicators are not consistent with others and cannot measure the ICT and PB constructs. After the two indicators are eliminated, the convergence validity of the conceptual model is built because the relevant metrics satisfy the thresholds (Hair et al., 2017; 2019).

Moreover, the Heterotrait-Monotrait Ratio (HTMT) is used to examine the discriminant validity of the model. The figures of all the constructs in Table 3 are less than 0.9; therefore, the discriminant validity of the measurement models has been checked (Hair et al., 2017; 2019). In summary, it can be suggested that the indicators are consistent and the proposed indicators can measure the constructs of the conceptual model.

Table 2: Convergent Validity and Consistency Reliability

Constructs and Indicators		Convergent validity		Internal consistency reliability		
		Loadings ≥0.708	AVE >0.50	Composite Reliability 0.60 - 0.95	Cronbach' s Alpha 0.60-0.95	Rho_A 0.70-0.95
Products (PRO)	(PRO_1) Diversified assortment: Products in supermarkets are diverse with plenty of product categories.	0.868	0.754	0.925	0.891	0.893
	(PRO_2) Favourite brands: Products are offered as customers desire with various brands and styles.	0.871				
	(PRO_3) Quality assurance: Quality of products in supermarkets is controlled and guaranteed, and can be checked by customers.	0.885				
	(PRO_4) Physical experience: Customers can physically experience or sensuously assess the products.	0.849				
Presentation (PRS)	(PRS_1) Availability: Products and brands desired are always available; not out-of-stock.	0.866	0.784	0.935	0.908	0.908
	(PRS_2) Accessibility: Products are logically and reasonably displayed as specifications categories, standards for customer approach.	0.884				
	(PRS_3) Attractiveness: Products are well-presented at the right location suitable for each type of product to ensure eye-catching with shelf signages.	0.887				
	(PRS_4) Mass-merchandising: Products are displayed in large quantities, easy to buy with high volumes.	0.904				
Price (PRI)	(PRI_1) 'Value-for-money': Prices are reasonable or appropriate with relevant quality guaranteed as ' <i>you get what you pay for</i> '.	0.888	0.801	0.941	0.917	0.917
	(PRI_2) Discount promotion: Direct discounts are regularly applied as discount policies.	0.901				

Constructs and Indicators		Convergent validity		Internal consistency reliability		
		Loadings ≥0.708	AVE >0.50	Composite Reliability 0.60 - 0.95	Cronbach's Alpha 0.60-0.95	Rho_A 0.70-0.95
	(PRI_3) Transparency: Prices are transparently quoted with taxes and other charges indicated and fair, without bargain.	0.893				
	(PRI_4) Comparability: Publicized price quotation and pricing information are comparable.	0.897				
People (PEO)	(PEO_1) High competency: Employees in supermarkets are well-educated, professional, knowledgeable, intelligent, and skillful.	0.837	0.733	0.917	0.878	0.880
	(PEO_2) Positive interaction: Employees are friendly, courtesy with an attitude of respect and empathy to offer personal attention.	0.887				
	(PEO_3) Positive working attitude: Employees are enthusiastic, helpful, showing great interest and motivation to resolve problems.	0.822				
	(PEO_4) Honesty: Employees are proactive and reliable with business ethics and responsiveness to instill confidence in the customers.	0.877				
Premises (PRM)	(PRM_1) Accessibility: Supermarkets are easily accessible and reachable by walking, private or public transport means.	0.880	0.767	0.929	0.899	0.900
	(PRM_2) Safety: Store format, design, layout, and interior are standardized to ensure hygiene, safety, and a secure shopping environment.	0.878				
	(PRM_3) Comfortable shopping environment: The supermarkets have modern infrastructure, convenient equipment, and facilities for instore satisfaction.	0.876				

Constructs and Indicators		Convergent validity		Internal consistency reliability		
		Loadings ≥0.708	AVE >0.50	Composite Reliability 0.60 - 0.95	Cronbach' s Alpha 0.60-0.95	Rho_A 0.70-0.95
	(PRM_4) Entertainment ecosystem: Stores are located in buildings with facilities and infrastructure which form an entertainment ecosystem in one place.	0.869				
ICT systems (ICT)	(ICT_1) Online shopping: Supermarkets, as omnichannel retailers, offer both instore and online shopping.	0.873	0.737	0.918	0.881	0.883
	(ICT_2) Speedy shopping process: ICT systems help store operations and shopping process more effectively and efficiently.	0.872				
	(ICT_3) Information accessibility: supermarkets' information can be easily accessed to encourage shopping.	0.853				
	(ICT_4) Flexible payment: Supermarkets accept various alternative payments for both instore and online shopping.	0.836				
	(ICT_5) Constant interconnection: Dual communication between customers and supermarkets is implemented continuously and quickly.	0.665				
Customer services (CUS)	(CUS_1) After-sales services: Supermarkets offer free after-sales services for both instore and online shopping.	0.853	0.734	0.917	0.879	0.879
	(CUS_2) Effective complaint handling: The customer complaint handling process is designed and implemented effectively with customer oriented.	0.859				
	(CUS_3) Commitment: Available services are always provided right the first time as promised.	0.865				
	(CUS_4) Personalization: Supermarkets are always ready to provide prompt personal assistance to customer requests with individual attention.	0.849				

Constructs and Indicators		Convergent validity		Internal consistency reliability		
		Loadings ≥0.708	AVE >0.50	Composite Reliability 0.60 - 0.95	Cronbach's Alpha 0.60-0.95	Rho_A 0.70-0.95
Perceived benefits (PB)	(PB_1) Saving: Customers can save time, money and effort to make a purchase at a supermarket or on its website/ application.	0.885	0.723	0.929	0.904	0.906
	(PB_2) Convenience: Customers benefit from store convenience: store open hours or 24/7 online shopping, purchasing process, shopping environment, after-sales services, exchange/ return guarantee, etc.	0.861				
	(PB_3) Instant gratification: Customers can be instantly satisfied with their purchasing decision (due to staff interactions, quality products and services, reasonable price and payment method, shopping environment, etc.)	0.873				
	(PB_4) Recognition: Customers can gain recognition through personalized treatment, employee service style, and empathy.	0.681				
	(PB_5) Enjoyment: Customers can entertain and experience social activities, opportunities to interact with employees or friends/relatives, or enjoy and reward shopping experience.	0.834				
	(PB_6) Risk reduction: Customers can reduce risk due to safety, security, hygiene shopping environment, high level of reliable product quality, guaranteed services as commitment, and financial risk-free.	0.796				
Psychological ownership (PO)	(PO_1) Sense of store and/or its website ownership: Customers feel the supermarket, or its website/ application is theirs when doing shopping.	0.854	0.692	0.900	0.851	0.855
	(PO_2) Sense of product ownership: Customer feel that 'it is theirs' despite unpurchased product or service.	0.793				

Constructs and Indicators		Convergent validity		Internal consistency reliability		
		Loadings ≥0.708	AVE >0.50	Composite Reliability 0.60 - 0.95	Cronbach's Alpha 0.60-0.95	Rho_A 0.70-0.95
	(PO_3) Familiarity: Customers have a strong sense of familiarity or connection with supermarket or its website/ application or have a clear insight of the store and products.	0.828				
	(PO_4) Sense of closeness: Customers feel a strong sense of closeness with supermarket or its website/ application and want to spend more time on it.	0.851				
Customer retention (CR)	(CR_1) Preference: Customers continue to do shopping at store or on its website/ application as preference or first choice.	0.862				
	(CR_2) Frequency increasing: Customers increase the frequency of purchasing at supermarkets or on supermarket websites.	0.831				
	(CR_3) Feeling loyalty: Customers feel committed towards the store(s) and will not switch to other retail channels despite price-sensitive or any problem experienced	0.860				
	(CR_4) Word-of-mouth: Customers are willing to say positive things about the supermarkets/ websites/ applications and their benefits.	0.843	0.720	0.939	0.922	0.923
	(CR_5) Recommendation: Customers are willing to recommend their relatives, friends, or colleagues to go shopping in supermarkets or on supermarkets' websites/ applications.	0.834				
	(CR_6) Involvement: Customers regularly give suggestions to improve the supermarket's quality of products and services, or websites/applications.	0.861				

Source: The author's works (computed by SmartPLS with the thresholds recommended by Hair et al., 2017; 2019)

Table 3: Discriminant validity (HTMT)

	CR	PB	PO	PRO	PRI	PRS	PEO	PRM	ICT	CUS
CR										
PB	0.891									
PO	0.738	0.685								
PRO	0.873	0.893	0.711							
PRS	0.866	0.892	0.695	0.889						
PRI	0.878	0.889	0.723	0.895	0.886					
PEO	0.816	0.820	0.687	0.779	0.774	0.797				
PRM	0.877	0.895	0.707	0.873	0.868	0.878	0.804			
ICT	0.873	0.883	0.736	0.862	0.844	0.865	0.801	0.878		
CUS	0.875	0.893	0.727	0.879	0.862	0.867	0.812	0.892	0.891	

Source: The author's works (computed by SmartPLS)

4.2. Evaluation of Structural Model and Hypothesis Testing

Referring to Table 4, the value of RMS_{θ} of 0.106, less than 0.120, means that the model is well-fitting (Hair et al., 2017; 2019). Positively, the findings in Table 4 also show that the Coefficients of determination (R^2) of CR and PB are substantial, of which values are 0.790 and 0.792, respectively, more significant than the threshold of 0.75 as substantial. Furthermore, the Q^2 -values of CR and PB are 0.569 and 0.606, greater than 0.50; this allows for the suggestion that the structural model has a large predictive relevance for a specific endogenous construct (Hair et al., 2017; 2019). However, because the q^2 effect size value is 0.07, it can be suggested that the model has small predictive accuracy.

Table 4: Suitability and predictive relevance of the model

Metrics		Estimated Model	Remarks
Root mean square residual covariance (RMS_{θ})		0.106	A well-fitting model
Coefficient of determination (R^2)	CR	0.790	Substantial
	PB	0.792	Substantial
Predictive relevance (Q^2)	CR	0.579	Large predictive relevance
	PB	0.606	Large predictive relevance
q^2 effect size	PB \rightarrow CR	0.07	Small predictive effect size

Source: The author's works (computed by SmartPLS with the thresholds recommended by Hair et al., 2017; 2019)

Referring to the figures in Table 5, they show that the relationships between the PRO, PRS, PRI, PEO, PRM, ICT and CUS construct have direct positive effects on CR with their β -values in the range of 0.106 to 0.186, and f^2 -values greater

than 0.02 (as a small effect size) at the confidence level of 95% (due to all p-values less than 0.05). Therefore, hypotheses H1a, H1b, H1c, H2a, H2b, H2c and H2d are accepted.

Additionally, figures in Table 5 illustrate that there are direct positive effects of Merchandise-related factors (PRO, PRS, PRI) and Service-related factors (PEO, PRM, ICT, CUS) on PB, and a significant positive effect of PB on CR exist with a confidence level of 95% and values of f^2 greater than 0.02 as small effect size. Therefore, the findings have shown the indirect contributions of all operational factors to the effect of PB on CR (detailed in the range of 0.016 to 0.025) that make up the total effect of PB on CR of 0.134. As a consequence, the study results demonstrate the mediating role of PB between operational factors and CR at the confidence level of 95% and allow the conclusion that hypotheses H3a, H3b, H3c, H4a, H4b, H4c, H4d and H5 are accepted.

Table 5: Summary of Hypothesis testing

	Hypothesis	β -value	f^2	t-value	p-value	Remarks
H1a	PRO \rightarrow CR	0.113	0.024	2.407	0.016	Supported
H1b	PRS \rightarrow CR	0.108	0.028	2.027	0.043	Supported
H1c	PRI \rightarrow CR	0.132	0.031	2.602	0.009	Supported
H2a	PEO \rightarrow CR	0.109	0.038	3.227	0.001	Supported
H2b	PRM \rightarrow CR	0.123	0.026	2.695	0.007	Supported
H2c	ICT \rightarrow CR	0.126	0.025	2.495	0.013	Supported
H2d	CUS \rightarrow CR	0.105	0.026	2.402	0.016	Supported
H3a	PRO \rightarrow PB	0.186	0.050	2.407	0.016	Supported
H3b	PRS \rightarrow PB	0.176	0.040	3.521	0.000	Supported
H3c	PRI \rightarrow PB	0.129	0.038	2.710	0.007	Supported
H4a	PEO \rightarrow PB	0.106	0.040	3.023	0.003	Supported
H4b	PRM \rightarrow PB	0.146	0.036	3.132	0.002	Supported
H4c	ICT \rightarrow PB	0.129	0.029	3.231	0.001	Supported
H4d	CUS \rightarrow PB	0.121	0.035	2.848	0.004	Supported
H5	PB \rightarrow CR	0.134	0.033	2.733	0.006	Supported
	PRO \rightarrow PB \rightarrow CR	0.025		2.563	0.010	Supported
	PRS \rightarrow PB \rightarrow CR	0.024		2.019	0.044	Supported
	PRI \rightarrow PB \rightarrow CR	0.017		2.259	0.024	Supported
	PEO \rightarrow PB \rightarrow CR	0.015		2.176	0.030	Supported
	PRM \rightarrow PB \rightarrow CR	0.020		2.311	0.021	Supported
	ICT \rightarrow PB \rightarrow CR	0.017		2.078	0.038	Supported
	CUS \rightarrow PB \rightarrow CR	0.016		2.406	0.016	Supported

Hypothesis		β -value	f^2	t-value	p-value	Remarks
H6a	PO \rightarrow CR	0.110	0.040	3.944	0.000	Supported
H6b	PO*PB \rightarrow CR	0.056	0.028	2.777	0.006	Supported

Source: The author's works

Statically, the moderating role of PO on the effect of PB on CR, presented by "PO*PB \rightarrow CR", with the β -value of 0.056, a value of f^2 of 0.028, appears to be a small effect at a confidence level of 95%. However, it makes remarkable changes in the model. In particular, as calculated results, after adding the moderator PO to the model, the value R^2 of CR increases from 0.787 in the scenario without moderator PO to 0.790 (Table 4), that is, 0.38%. Figures in Table 5 not only demonstrate the direct positive effect of PO on CR, but also reveal a significant positive interaction between PB and CR. In the presence of high versus low PO, the relationship between PB and CR will be more robust (as shown in Figure 2). Hence, it can be concluded that PO positively affects CR and significantly moderates the effect of PB on CR and allows the suggestion that hypotheses 6a and 6b are accepted.

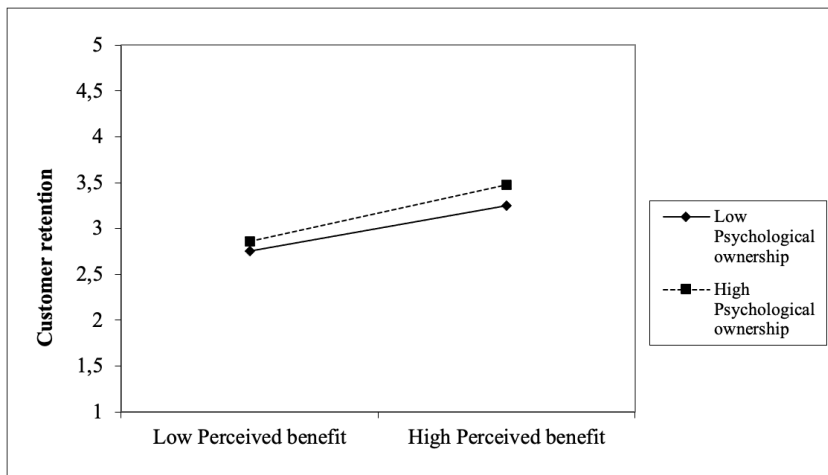


Figure 2: PO positively moderates the effect of PB on CR

Source: The author's works

In summary, with the acceptance of the proposed hypotheses, as a consequence, it can be concluded that:

- **Operational factors, including Merchandise-related factors, i.e., Product, Presentation, and Price, and Service-related factors, i.e., People, Premises, ICT systems and Customer services, have direct positive effects on Customer retention. Therefore, they can contribute to Customer retention in supermarkets.**
- **Merchandise-related factors and Service-related factors directly contribute to PB which has a positive effect on CR. Or in other words, PB**

significantly mediates the relationships between operational factors (i.e., Product, Presentation, Price, People, Premises, ICT systems, Customer services) and CR, so it significantly improves CR.

- *PO positively affects CR and significantly moderates the effect of PB on CR, therefore it also enhances CR.*

5. DISCUSSION

The thesis has developed and validated the retail operational model for supermarket channels that increases CR in the long term by identifying the key operational factors, i.e., Products, Presentation, Price, People, Premises, ICT systems and Customer services and the role of Perceived benefit and Psychological ownership. The present study demonstrates the direct effect of PB on CR and the mediating role of PB in enhancing the relationships between operational factors and CR based on commitment-trust theory in a retail context. Furthermore, the present study investigates how PO affects CR and moderates the effect of PB on CR in supermarket channels as empirical evidence.

Possible sources of CR are operational factors with PB moderating role and under the PO moderating effect, which have been proved through the survey results and will be thoroughly answered as the research questions below.

RQ1: Which Operational Factors Contribute to Customer Retention in Supermarkets?

On the first research question of the thesis, it is found that Operational factors, in the terms of Merchandise-related factors (i.e., Product, Presentation, and Price), and Service-related factors (i.e., People, Premises, ICT systems, Customer Services) positively affect CR in retail. Particularly, it means that these Operational factors can contribute to CR in supermarket channel in two particular aspects relating to Merchandise and Services offered to customers, detailed as follows:

Merchandise-related Factors

Indeed, merchandise is always the largest concentration of retailers to help shoppers have the best one-stop-shopping experience and encourage them to repurchase. In supermarkets, **products** are always diverse in assortments and categories, ensuring quality for customer choice and experience before purchasing, even when shopping online. Besides, the products in supermarkets are always available in sales areas as the standard **presentation** (visual-merchandising) according to standards to ensure attractiveness and accessibility for customers to buy in large quantities. With respect to the **price** in supermarkets, it is not the cheapest, but it is "value-for-money" with a transparent quotation. Therefore, customers can compare the price with other stores or sales channels before deciding where to buy. In addition, customers can also benefit from regular price discounts on essential products or seasonal items offered by supermarkets.

Service-related Factors

The results of the survey show that customers who shop in supermarkets are happy due to the perfectly personalized services provided by the ***professional staff***. Additionally, when shopping in physical stores, customers experience a convenient and safe ***shopping environment*** thanks to modern and comfortable facilities and enjoy other entertainment. In addition, ***ICT systems*** in supermarkets provide customers with information about stores and products to encourage shopping and help the shopping process in a more convenient way. In addition, the combination of in-store and online shopping in supermarkets has helped customers with cost effectiveness, time and effort savings when searching for products and making purchases. Thanks to ICT, supermarkets can connect with banks or financial companies to offer customers flexible non-cash payment methods, especially deferred payment via credit cards or e-wallets. Last but not least, dominant ***customer services*** with high personalization of supermarkets, such as free after-sales services and effective complaint handling process, are always available for both instore and online shoppers as committed.

As expected, the study has demonstrated that the operational factors named Merchandise-related factors (i.e., Products, Presentation, Price) and Service-related factors (People, Premises, ICT systems, Customer services) have direct contribution to CR in supermarkets. However, the research is not very encouraging because it cannot prove that the positive effects of Merchandise-related factors and Merchandise-related factors on CR in supermarkets are visible to the naked eye (due to the small effect size of f^2 , as Cohen, 1992).

RQ2: Does Perceived Benefit, Generated by Operational Factors, Enhance Customer Retention in Supermarkets?

With respect to the second research question, it was found that PB, which was positively affected by operational factors (i.e., Product, Presentation, Price, as Merchandise-related factors, and People, Premises, ICT systems, Customer Services as Service-related factors), can contribute to CR. Or, in other words, the study has shown that PB plays a mediating role in the relationships between operational factors and CR; therefore, PB can improve CR in supermarkets.

As a result, generated by operational factors in supermarkets, PB, in turn, has a significant contribution to CR. This finding can be considered as empirical support to the works of Emrich, Paul & Rudolph (2015), Saini & Sahay (2014), and Zhu, Goraya and Cai (2018).

Consistent with the literature (e.g., Dokcen, Obedgiu & Nkurunziza, 2021; Emrich, Paul & Rudolph, 2015; Johnston et al., 2021; Kim, Lee, & Park, 2014; Kyguoliene, Zikiene & Grigaliunaite, 2017; Masri et al., 2021), this research reveals that shoppers firmly perceive the benefits when shopping in supermarkets. Notably, customers can ***save money, time, and effort*** in finding products thanks

to one-stop-shopping with various assortments of well-presented products, a speedy shopping process with flexible payment methods thanks to ICT, and reasonable prices. Additionally, the thesis has demonstrated that shoppers strongly perceive the *convenience benefits of the services* in supermarkets, e.g., open hours, shopping environment, effective purchasing process, after-sales services at any time, and quick exchange/ return guarantee at stores for both in-store and online shopping. As a result, with the perception of the benefits of supermarkets' services, the respondents believe that they can be *immediately satisfied* with their purchases due to store staff, shopping environment, facilities, quality products and services, reasonable price and payment method, etc. Furthermore, the findings indicate that they not only enjoy the shopping environment and *entertainment* of supermarkets but also experience social activities, interact with employees or friends/relatives, or enjoy and reward the shopping experience. In fact, when shopping in supermarkets, customers can *reduce the risk* due to safety, security, hygiene shopping environment, high level of reliable product quality, guaranteed services as commitment and financial risk-free. As a result, the research uncovers the strong links between operational factors and PB.

Practically, respondents who usually shop in supermarkets admit that they continue to shop in supermarkets as their *preference* because of the benefits they are offered and the performance of the store. Shoppers also agree that they can increase the *frequency* of shopping instore or online with their preferred supermarkets as their first choice. From the data analysis, it can be inferred that customers who *feel loyalty* towards the supermarket(s) and will not switch to other retail channels despite being price sensitive or experiencing any problem tend to retain their preference stores longer. Furthermore, the thesis findings also complement the previous works of Goraya et al. (2020), Mahmoud, Hinson & Adika (2018), Ray & Chiagouris (2009), Slack, Singh & Sharma (2020) that customers who are willing to *say positive* things about the supermarkets, *recommend* others to do shopping in supermarkets or the websites, provide suggestions *or get involved* in the store improvement, have more likelihood of retention.

RQ3: Does Psychological Ownership Affect Customer Retention and Interfere with the Relationship between Perceived Benefit and Customer Retention in Supermarkets?

The third research question in this thesis was answered by the results of the study. Indeed, the most exciting finding of this study is to demonstrate that PO positively affects CR and significantly moderates the effect of PB on CR in a retail context.

The most exciting finding of this study is to demonstrate that PO significantly affects CR and positively moderates the effect of PB on CR in the retailing context for the first time. A possible explanation for this may be that when a customer has PO toward a preferred supermarket, they will probably continue shopping at that

supermarket. In addition, when a person has a higher PO to a supermarket, they are often more interested in the benefits they can get from shopping and will be more inclined to maintain shopping at that supermarket.

The study findings indicate that customers usually shop at a preferred supermarket or on its website or application because they feel *possession*. Similarly, the study also reveals that a strong *sense of ownership* of (an unpaid) *product* or service can motivate a customer to revisit the store to purchase the item. Additionally, the sense of *familiarity of customers, such* as a strong sense of connection and a good knowledge of the store and its products and services, can help keep their retention longer. Also, with the *closeness* to a supermarket, customers usually feel like and want to spend time with it.

In summary, PO significantly affects CR and strengthens the relationship between PB and CR when PO is high.

6. CONTRIBUTIONS

6.1. Theoretical Contributions

This thesis has newly contributed to the concept of operationalization of CR developed by Bojei et al. (2013) and the emerging concept of the marketing-operations interface in omnichannel retail developed by Bijmolt et al. (2021). Indeed, the thesis is a demonstration that increasing CR is also the responsibility of operations, accompanying marketing, in the retail sector through the validated operational model for the supermarket channel. Particularly, the model shows that operational factors and PB that is generated by store operations are the critical antecedents of CR.

Based on commitment-trust theory (Morgan and Hunt, 1994), the research contributes to existing studies by providing insight into operations, in the terms of operational factors, which may directly and indirectly through PB contribute to CR. Particularly, newly developed constructs, namely, Merchandise-related factors (i.e., Products, Presentation, Price) and Service-related factors (i.e., People, Premises, ICT systems, Customer services) with validated relevant indicators, can be used to predict shopping behaviour and psychology in the retailing context.

Interestingly, this study is the first comprehensive investigation of the positive effect of PO on CR and its moderating role in the relationship between PB and CR in the retail industry. The findings allow for an explanation that a customer with a high level of PO will pay more attention to benefits and is more likely to retain shopping in a certain store.

6.2. Practical Contributions

The findings show that customers are still embedded in supermarkets, which offer both instore and online channels of shopping, due to Merchandise-related factors

and Service-related factors and the benefits generated from these operational factors. Therefore, research has the critical implication that supermarkets should place greater emphasis on an operations strategy in the complex context to maximize customer benefits and increase CR for both instore and online channels for the long term.

Secondly, the current study also provides practitioners with the operational model for the supermarket channel to prioritize their operations to retain both instore and online customers. This model also implies for practitioners that customers are more likely to retain shopping in supermarkets due to perceived benefits contributed by Merchandise-related factors and Service-related factors because customers pay more attention to what they experience and benefit against what they pay for instead of only the best products or the lowest price.

Thirdly, one issue emerging from the findings is that PO can predict positive consumer attitudes or behaviour. Therefore, this study provides some support that retailers should understand the motives and routes of PO, concentrate on the operating process for both instore and online shopping for customer experience to gain customer trust, satisfaction, PB, and CR to maintain the long-term relationship as the commitment-trust framework applied in business practice.

Lastly, this study was carried out in Vietnam, a country with a retail market and a shopping culture quite similar to those of ASEAN, so the study results can be a reliable reference for both researchers and practitioners in emerging markets in the region.

7. CONCLUSION

7.1. Conclusion of the Thesis

One of the most prominent findings of this study is that all integrated operational factors, directly and indirectly, affect CR through PB. The second significant finding is that PO significantly affects CR and positively moderates the effect of PB on CR. This research provides insight into operational factors in supermarkets and how they contribute to customer benefits and improve CR. It suggests that store operations greatly support the success of loyalty programs in supermarkets. This research implies that understanding the effects of operational factors and PO on PB and CR and the role of PO in promoting the relationship between PB and CR allows supermarket managers to predict trends in CR through attitudinal and behavioural dimensions.

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allows supermarket managers to predict trends in CR through attitudinal and behavioural dimensions.

7.2. Limitations of the Thesis

The research was carried out during the peak time of the COVID-19 pandemic, which has not been eliminated completely; however, the thesis did not explore the effect of Covid-19 measures as a critical component in the conceptual model. As a result, the thesis could not reflect the impacts of the pandemic-related factor on retailer operations and customer shopping behaviour or psychology during the tough time.

Unexpectedly, with the small effect size f^2 and q^2 of all relationships among predictors (independent, mediating and moderating variables) and the target construct CR (dependent variable), the study could not prove that their impacts and mediator's (PB) predictive relevance were very strong and visible in actual observations (according to Cohen, 1992), though the two metrics f^2 and q^2 may be redundant somewhat (Hair et al., 2019)

Another limitation of this study is that the authors did not consider and examine the direct effect of PO on BP and how PO moderated the effects of each operational factor on CR. Additionally, the author neglected to discuss the changes in the relationships between operational factors and CR after adding the PO moderating role of PO to the estimation model, although they were surprisingly discovered during the data analysis process.

The generation of respondents, one of the most important factors that strongly impact consumption behaviour (Peck and Shu, 2018), was recorded when collecting and analyzing the data; however, it was not studied as a control variable that could cause differences in customer shopping behaviour, psychology, and perception in the PB of shopping in the supermarket channel.

7.3. Suggestions for further research

Although the thesis could not demonstrate the visible integration and direct effect of all proposed factors on CR in the supermarket channel, it is essential to reinvestigate the relationships of these constructs thoroughly to develop a set of operational quality measurements that can be applied to all retailers based on the validated constructs and relevant indicators.

Furthermore, the research proposal is also open to future retail studies when the COVID-19 pandemic is eliminated. Intensive investigation of changes in shopping behaviour or psychology and how pandemic-related factors affect store operations, and shopping behavioural/ psychological changes in a new normal context is strongly suggested for further research in retail.

Additionally, intensive and thorough research should be carried out to investigate how PO moderates the effects of each operational factor on CR and explore the

optimistic possibility that PO can strengthen the relationships between operational factors and CR while it moderates the effect of PB and CR in any retail format.

Moreover, Gen-Zers will become the majority of consumers in the near future; therefore, it should be interesting to study their shopping behaviour and psychology as a critical factor affecting customer retention with the operations-marketing interface when customer retention is operationalized and the responsibility of both marketing and operations in retail.

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