

The Relationship between Interpersonal Relationship, Customer Satisfaction and Brand Loyalty in the Fashion Retailing Industry

ABSTRACT

Due to the recent emersion of numerous scales of retail format, the fashion market becomes more competitive. Customers are offered with more choices of products for their purchase. This makes a great challenge to fashion retailers to attract new customers and retain existing customers. This research proposes the interpersonal relationship between employees and customers is an effective means for companies to influence customers' purchase decisions and experience. We conduct an empirical study to investigate the impact of interpersonal relationship on customer satisfaction and brand loyalty in the casual wear market. Our findings show that trust in an interpersonal relationship between customer-contact employees and customers has a positive effect on customer satisfaction that in turn leads to brand loyalty. We suggest that fashion retailers provide training programs of equipping frontline employees with professional skills to deal with issues involved in interpersonal relationship. This is an effective means that help customer-contact employees master necessary skills to satisfy customer needs and retain customers.

Keywords: interpersonal relationship, trust, emotion, customer satisfaction, brand loyalty, fashion retailing

1. Introduction

In the current fashion market, retailers usually offer a variety of fashion products. Under such situation, one effective way that retailers of the casual wear market commonly adopt to differentiate themselves from their competitors is providing superior service quality to satisfy customers' needs and expectations. To offer superior services to fulfill customer needs and desires, firms tend to rely on the customer-contact employees (e.g. Liao & Chuang, 2007). The underlying reason is that frontline employees are the first party to interact with customers on behalf of a

employees' behaviors have an influence on customer outcomes, such as customer satisfaction and loyalty (e.g. Liao & Chuang, 2007; Schneider et al., 2005), which in turn affect organizational performance indicators, like revenue growth, profitability, and shareholder value of organizations (e.g. Anderson et al., 2004). Hence, the employee-customer relationship is of significance for firms to survive and outperform their competitors (Jones et al., 2007).

In this study we conceptually explore and empirically examine the association of interpersonal relationship and customer outcomes. Specifically, we investigate the relationship between trust, emotion, customer satisfaction, and brand loyalty through a survey of 202 customers in the fashion retailing industry.

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firm. Empirical evidences demonstrate that frontline

with the brand.

2. Theoretical Background and Hypothesis Development

Frontline employees have a direct and close interaction with customers in purchases. As such, they have an influence on customer satisfaction and loyalty. One stream of research focuses on examining employee attributes and their impact on employees' performance (e.g. Yee et al., 2008). However, limited research emphasizes on understanding the impact of the interpersonal relationship between employees and customers on customer desirable outcomes. We select two constructs, namely trust and emotion, involved in an interpersonal relationship for further investigation.

Interpersonal trust concerns a trustor's psychological attitude to accept a trustee's action, based on the trustor's expectation on the trustee's response to a particular action for him/her (Mayer et al., 1995). In the retailing setting, when the relationship between frontline employees and customers are perceived trustful, information exchange about the purchase tend to be more and better. Thus, customers are more likely to express their needs and expectations to employees; in turn, employees tend to deliver products and services that can better satisfy customers. Further, in the long run, satisfied customers would become loyal to the brand. Empirical studies show that interpersonal trust is correlated with customer satisfaction (Young & Daniel, 2003). Hence, we suggest the following hypotheses.

- H1a: Interpersonal trust has a positive influence on customer satisfaction with products.
- H1b: Interpersonal trust has a positive influence on customer satisfaction

The emotions of different parties are interchangeable during their interaction (Ashforth & Humphrey, 1995). As such, an individual has a differentiated affective state toward a particular person (Robbins & DeNisi, 1994). Two persons have reciprocally emotional contagion with each other's behavior in their interaction (Schoenewolf, 1990). Emotion contagion is the processes of the one(s) affecting others' emotion and behavior in an intended or unintended reaction of emotion states and behavioral attitudes during interaction (Schoenewolf, 1990). Barsade (2002) has discussed a model of emotional contagion to explain how group emotional contagion processes operate. It starts when a person enters a group, they are exposed themselves to other group members' emotions. He perceives the group members' emotions expressed primarily through their nonverbal signals, including facial expressions, vocalizations, postures, and movements. The group members' expressed emotion is then transferred to him. This transfer involves mimicry of facial expressions, speech rates, and body movements of the senders. Moreover, this behavioral mimicry is automatic, unconscious, and uncontrollable. Affective feedback from such mimicry then produces corresponding emotional experiences. Moreover, emotions have an immediate and positive impact on one's actions (Ben Ze'ev, 2000; Loewenstein et al., 2001; Lee et al., 2000). Customers with positive emotion are more likely to make a purchase when they consider that frontline employees are helpful and nice to them (e.g. Thoits, 1990). Empirical studies show that emotion leads to satisfaction (Homburg & Stock, 2004). Accordingly, we propose the following hypotheses.

H2a: Interpersonal emotion has a positive influence on customer satisfaction with product.

H2b: Interpersonal emotion has a positive influence on customer satisfaction with brand.

Customer satisfaction is an emotional response to the experience provided by and associated with products purchased or services received (Oliver, 1997). Oliver (1997) states that customer judgment of a product or service would generate a pleasurable level of fulfillment, such as customer satisfaction. In the fashion context, retailers usually consider that customer satisfaction is related to service, price, and product that they offer to customers (Pan & Zinkhan, 2006).

Customer satisfaction is the critical to build up loyalty in customers (Anderson et al., 1994). Brand loyalty is concerned with a favorable attitude towards a brand (Jamal & Anastasiadou, 2009). It is reflected by an incentive to repurchase a particular product in the future and a word of mouth (Kim et al., 2007; Jamal & Anastasiadou, 2009). Empirical studies demonstrate that loyal customers are likely to repurchase the products of the brand and recommend the brand to others (Chi et al., 2009; Gee et al., 2008). Further, prior research show that customer who are satisfied with purchase experience tend to be loyal to the brand (Hennig-Thurau et al., 2002; Rawliman & Chu, 2002). Therefore, we posit the following hypotheses.

H3a: Customer satisfaction has a positive influence on brand preference.

H3b: Customer satisfaction with product has a positive influence on repurchase intention.

H3c: Customer satisfaction with product has a positive influence on word of mouth.

H3d: Customer satisfaction with brand has a positive influence on brand preference.

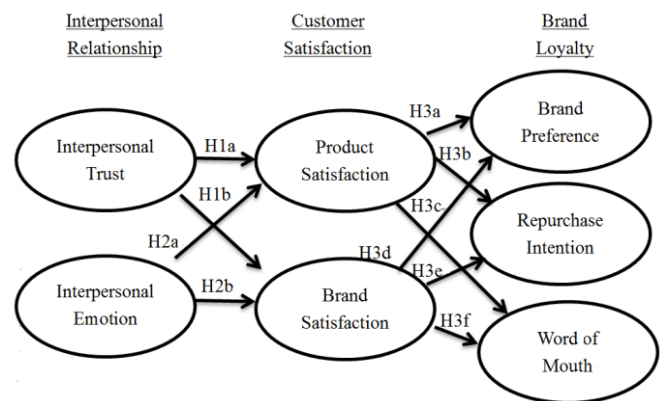
H3e: Customer satisfaction with brand has a positive influence on repurchases intention.

H3f: Customer satisfaction with brand has a positive influence on word of mouth.

Fig. 1. The research model.

3. Methodology

3.1 Sample



To test our hypotheses, we conducted a quantitative study in the fashion retail industry in Hong Kong. We randomly selected Generation Y customers who were between 20-year-old to 30-year-old to participate in our study. Customers of Generation Y are the most knowledgeable respondents to our questionnaire. They tend to purchase casual wear and conduct “mix and match” for casual wear.

3.2 Data collection procedure

We conducted a pilot study with five Generation Y customers, through which we examined the relevance of individual indicators to their corresponding constructs (refer to the next section

“Instrument development”), the appropriateness of the questionnaire wording, and the clarity of the instructions to fill in the survey. Our questionnaire was developed in English and translated to Chinese. To maximize translation equivalence, we followed Mullen’s (1995) suggestion to translate the questionnaire items into a foreign language and then back-translate them to identify any discrepancies in meaning on syntax. We invited a total of 250 customers, 214 of who returned their filled questionnaires. However, there are only 202 useable questionnaires because missing data was found in 7 returned questionnaires. The response rate is 80.8%.

3.3 Instrument development

We draw the measures used in this study from well-established instruments used in marketing and organizational behavior. The following measures consist of items that respondents are asked to rate each on a seven-point Likert-type scale anchored at 1 = “totally disagree” and 7 = “totally agree”.

Interpersonal trust: We employed the items from Darian et al.’s study (2001) to measure interpersonal trust.

Interpersonal emotion: We assessed interpersonal emotion by adopting Goff et al. (1997).

Customer satisfaction: We measured customer satisfaction using items suggested by Bloemer and Odekerken-Schroder (2002) and Carpenter (2007).

Brand loyalty: We assessed brand loyalty by items recommended by He and Mukherjee (2007) and Wong and Sohal (2006).

3.4 Reliability test

Reliability test was conducted to assess the degree of consistency for the constructs in this study. Cronbach's Alpha (α) is a measure that is commonly

used to estimate of the internal consistency of a scale. If the value of Cronbach's Alpha (α) is equal or higher than 0.7 that is usually considered as a lower limit, it implies that the instrument is acceptable.

Table 1 Overview of the results of reliability test.

Construct	Cronbach's Alpha
Interpersonal trust	.789
Interpersonal emotion	.721
Customer satisfaction	.875
Brand loyalty	.890

Table 1 shows the overview of the results of reliability test. The values of all the constructs in the present study are greater than the suggested cutoff value of 0.7. These results provide strong evidence that the instrument especially designed for this study is highly reliable to acquire consistent data.

4. Data Analysis and Results

4.1 Descriptive analysis

Table 2 displays descriptive statistics among the constructs included in this study. The descriptive statistics reveals that there is no major violation of regression assumption.

Table 2 Mean and standard deviation of the studied constructs.

Construct	Mean	Standard Deviation
Interpersonal trust	3.512	.526
Interpersonal emotion	3.652	.527
Customer satisfaction	3.478	.546
Brand loyalty	3.413	.533

4.2 Regression analysis and results

We apply Regression Analysis to examine the hypotheses developed in this study using SPSS. Hypothesis 1a and Hypothesis 1b are supported because interpersonal trust has significant effects on product satisfaction ($\beta = 0.520, p < 0.001$) and brand satisfaction ($\beta = 0.254, p < 0.001$), respectively. Interpersonal emotion is associated with product satisfaction ($\beta = 0.413, p < 0.001$) and brand satisfaction ($\beta = 0.338, p < 0.001$), supporting Hypothesis 2a and Hypothesis 2b, respectively. Product satisfaction has significant and positive effects on brand preference, repurchase intention, and word of mouth, supporting Hypothesis 3a ($\beta = 0.645, p < 0.001$), Hypothesis 3b ($\beta = 0.157, p < 0.001$), and Hypothesis 3c ($\beta = 0.302, p < 0.001$), respectively. Hypothesis 3d, Hypothesis 3e, and Hypothesis 3f are supported because brand satisfaction has significant and positive effects on brand preference ($\beta = 0.228, p < 0.001$), repurchase intention ($\beta = 0.557, p < 0.001$), and word of mouth ($\beta = 0.380, p < 0.001$), respectively. To sum up, all hypotheses of the current study are supported.

Table 3 Overview of the results of the regression analysis.

	Hypotheses	Coefficient	Support
H1a	Interpersonal trust influences product satisfaction positively.	.520	Yes
H1b	Interpersonal trust influences customer satisfaction with brand positively.	.413	Yes
H2a	Interpersonal	.254	Yes

	emotion influence product satisfaction positively.		
H2b	Interpersonal trust influences customer satisfaction with brand positively.	.338	Yes
H3a	Customer satisfaction with product influence brand preference positively.	.645	Yes
H3b	Customer satisfaction with product influences repurchases intention positively.	.157	Yes
H3c	Customer satisfaction with product influences word of mouth positively.	.302	Yes
H3d	Customer satisfaction with brand influence brand preference positively.	.228	Yes
H3e	Customer satisfaction with brand influences repurchases intention positively.	.557	Yes
H3f	Customer	.308	Yes

	satisfaction with brand influences word of mouth positively.		
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5. Discussion

Interpersonal relationship is not a central focus of marketing studies. However, it is of importance for firms to survive and even outperform competitors by developing relationship of customer-contact employees and customers. This research aims at bridging this gap by conceptually exploring and empirically investigating the relationship among interpersonal trust, interpersonal emotion, customer satisfaction, and brand loyalty in fashion retailing. We conducted a quantitative survey among customers of Generation Y. We analyzed the collected data using Regression Analysis.

Our results show that trust embedded in an interpersonal relationship has significant impacts on customer satisfaction and brand loyalty. Possibly, when customers perceive that their relationships with the employees who sell products to them are trustful, they are more likely to express their needs and desires to the employees. In turn, employees tend to offer appropriate products and even services to fulfill the customers, leading to increased level of satisfaction felt by customers. Accordingly, we suggest that building interpersonal relationship is important for fashion retailers. In practice, companies may offer training to equip frontline employees with professional skills, attitude, and knowledge as such elements can increase customers' perception on the level of trust in their relationship with frontline employees.

Our findings also show that interpersonal emotion influences customer satisfaction positively.

Perhaps, frontline employees' emotion expressed by their smile, welcoming greets, and offering active help to customers can sure impact customers' emotion through contagion, leading to customer satisfaction. Further, satisfied customers would become loyal to the brand. Hence, we recommend that companies may offer a harmony working environment to employees as this may help employees to have a positive emotion at the work environment.

6. Conclusion

In recent years, due to the recent emersion of numerous scales of retail format, the fashion market becomes more competitive. On the part of customers, they are offered with more choices of products for their purchase. This makes a great challenge to fashion retailers to attract new customers and retain existing customers. To outperform competitors in the fashion retailing, this research proposes the interpersonal relationship between employees and customers is an effective means for companies to influence customers' purchase decisions and experience. We conduct an empirical study to investigate the impact of interpersonal relationship on customer satisfaction and brand loyalty in the casual wear market.

Our findings show that trust in an interpersonal relationship between customer-contact employees and customers has a positive effect on customer satisfaction that in turn leads to brand loyalty. We suggest that fashion retailers provide training programs of equipping frontline employees with professional skills, say in selling products, delivering services, and communication, to deal with issues involved in interpersonal relationship. This is an effective means that help customer-contact

employees master necessary skills in selling and delivering services in order to satisfy customer needs and retain customers.

For future research, we believe that it would be interesting to find out the relationship between interpersonal trust, interpersonal emotion, and operating and performance indicators, such as service quality, customer loyalty, and firm performance. Further work can be conducted to explore moderating effects, such as market competitiveness and switching cost on the relation of interpersonal relation and customer desirable outcomes.

Appendix: Questionnaire

Interpersonal trust

1. Salespeople provide professional attitude, often help me more willing to trust them.
2. Salespeople provide appropriate service when I need, make me think they are helpful.
3. Salespeople able to response my question quickly, often helps me more willing to trust them
4. Salespeople willing to show his/her willingness to serve me, often help me more willing to trust them.
5. Salespeople willing to show his/her willingness to serve me, often help me more willing to trust them.
6. Salespeople willing to show his/her willingness to serve me, often help me more willing to trust them.
7. Salespeople willing to show his/her willingness to serve me, often help me more willing to trust them.
8. Salespeople able to provide the latest information and product to me, often help me

more willing to trust them.

9. Salespeople able to provide the latest information and product to me, often help me more willing to trust them.
10. Salespeople able to understand what I need, often help me more willing to trust them.
11. Salespeople wear uniform, often help me more willing to trust them.
12. Salespeople are able to finish what he/ she promise me, often help me more willing to trust them.
13. I often consult the salespeople when I choosing the best alternative available product.
14. To make sure I buy the right product, I often observe what other customer buying.
15. I frequently gather information from salespeople about a brand before I buy anything from it.
16. I often purchase what the salespeople recommend to me.
17. In general, this retailer's salespeople are reliable and trustable.

Interpersonal emotion

1. Salespeople are well dressed and appear neat affect my purchase emotion.
2. The style and taste of salespeople affect my purchase emotion.
3. The clothing of salespeople match the brand image, affect my purchase emotion.
4. Smiling of salespeople affect my purchase emotion.
5. Salesperson show interest to help me solving problems, affect my purchase emotion.
6. The environment of what salespeople say affects my purchase emotion.
7. Salespeople talking style affect my purchase emotion.

8. How salespeople treat me affect my purchase emotion.
9. The attitudes of salespeople affect my purchase emotion, when I enter the store.
10. Salespeople greet me affect my purchase emotion, when I enter the store.
11. The store environment affects my purchase emotion.
12. In general, I think salespeople' emotion affects my emotion.

Product satisfaction

1. I am satisfied with the product provided by this retailer
2. This retailer provided consistent product quality.
3. This retailer's product would make me want to have them.
4. This retailer is reasonably priced.
5. In general, I am satisfied with the product provided by this retailer.

Brand satisfaction

1. I am satisfied with the shopping experience in this retailer.
2. This retailer offers a place that I enjoy to shop.
3. In general, this retailer service is much better than I expected.
4. In general, this retailer is much better than other brands.
5. In general, I am satisfied with this retailer.

Brand preference

1. I am satisfied with the product provided by this retailer.
2. I am pleased when I shop in this retailer.
3. I like this retailer better than other casual wear

retailers.

4. I would wear the products from this retailer more than other casual wear retailers.
5. In general, I am satisfied with this retailer.

Repurchase intention

1. I intend to retain my purchasing of this retailer.
2. I plan to buy more items or volume from this retailer.
3. I plan to increase my frequency of visits to this retailer.
4. Once I select this retailer, I stick with it.
5. When I purchase my next casual wear, I will buy from this retailer.

Word of mouth

1. I will recommend this retailer to someone who seeks my advice.
2. I will encourage friends and relatives to shop at this retailer.
3. If there is another brand carries styles similar to this retailer, I will still stick with it.

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(To be provided when this manuscript is accepted for publication)

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