

ABSTRACT

During the growth stage of retail industry life cycle in Sungai Kolok district, Narathiwat province, there is a high potential for new entrants (large retailers) such as Tesco Lotus, Macro, Big C to capture the market position. Also, changes of customer purchasing behavior due to higher education level, economic facilities, and advance technology impact local grocery stores facing a difficult situation. This has forced the local grocery stores to renovate their strategy for restructuring and reorganizing their businesses. Customer loyalty is one of the best selections for local retail business in order to survive and gain higher profit in this crisis. Loyalty allows stores to build relationship with the customers in the long run. It can reduce long term cost of attracting new customers and increase customer retention.

This research has been investigated through various literatures in order to study customer characteristics relating to customer loyalty behavior towards store environment. The conceptual framework shows the relationship between customer characteristics and store environment with customer loyalty behavior. Store environment consists of store design and atmosphere, store display, store layout, merchandise mix, price, service quality, sales transaction service, retail service and others factors. Customer loyalty behavior is considered in terms of frequency of customer purchase, chance of the customer to return for the next purchase and chance that the customer recommends the store to others. This research uses the self-administered survey technique. Four hundred questionnaires were distributed to customers who shop at Center Supermarket in Sungai Kolok district, Narathiwat province. Spearman's Rank Correlation was used to test the hypothesis for the study.

The results show that there are positive relationships between store environment and customer loyalty behavior. Moreover, the research identifies different customer characteristics impact the different relationships between store environment and customer loyalty behavior. This provides a beneficial guideline for restructuring or reorganizing the local retail trade businesses at Sungai Kolok district, Narathiwat province in order to create customer loyalty.