MARKETING RESEARCH ON STORE IMAGE, STORE SATISFACTION AND CUSTOMER LOYALTY REGARDING WATSONS CHAIN DRUGSTORES IN TAIWAN

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Abstract - The Chain drug store industry has developed rapidly in recent decades in Taiwan. The WatsonsChain Drug Store was founded in 1987, and has more than 500 stores before 2024. The store's professionalism and convenience quickly gained popularity among Taiwanese consumers. This study will explore the consumer behavior of Taiwanese consumers towards drug store products from three aspects: store image, store satisfaction and customer loyalty.Research method: There are three hypotheses for this study. Hypothesis 1: The better the consumer's impression of drug stores, the higher the consumer satisfaction. Hypothesis 2: The better the consumer's impression of the drug stores, the higher store loyalty to the stores. Hypothesis 3: The higher the consumer's satisfaction with the drug stores, the higher the store loyalty. This study uses a closed questionnaire research method, and the questionnaire collection period is from October to December 2023. The percentage of valid questionnaires is 89%. This study uses SPSS 22.0 software to conduct statistical analysis. The P value of the F-test for the repurchase intention of the five small components of store image is 0.00, and there is a regression relationship under the significance level of 1%. In addition, the P value of the F test of customer satisfaction on repurchase intention is 0.000, and there is a regression relationship below the significant level of 1%, and the P value of the satisfaction dimension is less than 0.05 and has reached significance.The research results show that the three sub-aspects in the store image aspect corresponding to store satisfaction are all established. The better the consumer image of Watsons stores, the higher the customer loyalty, which is partially true. Finally, the higher the consumer satisfaction with Watsons drug stores, the higher the store loyalty is established.

Keywords - Store Image, Store Satisfaction, Customer Loyalty, Chain Drugstore.

I. INTRODUCTION

Chain drugstores began to enter the market of Taiwan in 1990. Pharmacy business strategies began to be adjusted and integrated in terms of "health, beauty, life, and convenience". Chain drugstores were established one after another from 1990 in different city and country, and gradually it became a complex chain operation.

Watsons and COSMEDchain drugstores are the largest and second largest brands in the Taiwan market in 2020s, and Watsons company owned6 million members and more than 580 branchesin2022(Awoo Co.Ltd, 2022). This research will focus on three aspects of store image, store satisfaction and customer loyalty to understand how to enhance store satisfaction and improve consumer loyalty to the store.

II. LITERATURE REVIEW

A chain drugstore is defined as a chain of more than seven stores, with health and beauty as the main business. The main products include open-shelf patent medicines and open-shelf maintenance cosmetics, and the two categories of products are evenly proportioned and extended. For cosmeceutical related products and daily necessities, they also provide pharmaceutical consulting services by pharmacists (Kung, S.W., 2011). Chain drugstores are registered in the name of drug dealers and have at least two or more retail locations. Each branch must sell the same product line, have unified purchasing and sales processes, and have retail channels for both drugs and cosmetics (Department of health and welfare, 2016)

The definition of store image is: store image means that when consumers want to make a purchase, they will first make a first impression of the store based on the store's appearance, price, furnishings, service quality, etc., and then choose a store that matches their image and appearance (Yu Peiying, 2017). This study believes that the elements that constitute store image include: service quality, product quality, product prices, product features, and product promotion.

The definition of store satisfaction is: store satisfaction is a comparison process between "pre-expectations" and "post-experiences" in a certain store. Store satisfaction is the customer's actual experience after purchasing the product in a store, which is the same as the pre-expectations(Suomela, 2020). Based on what scholars have discussed above, this study sorted out the components of store satisfaction are: service attitude, store location, product price, product quality, and professional knowledge of the product.

Customer loyalty is defined as: customer loyalty is not only a measurement of how customers treat products, but also purchasing behavior that can be measured through behavior and attitude can also be regarded as an indicator of loyalty. Behavior and

attitude in measurement methods are two aspects of measuring customer loyalty in many studies to understand whether the industry's commitment to store products can establish a loyal relationship with consumers (Zins, A. H. 2011).

Customer loyalty: it refers to the consumption behavior of purchasing the same brand again and again, but also considering the conversion behavior when shopping conditions are different (Hui, S. K., Huang, Y., etc. 2013). Thisresearch team combines the views of the above scholars and the elements of customer loyalty are: repurchase intention, willingness to recommend to others and conversion behavior.

III. RESEARCH STRUCTURE AND DATA COLLECTION

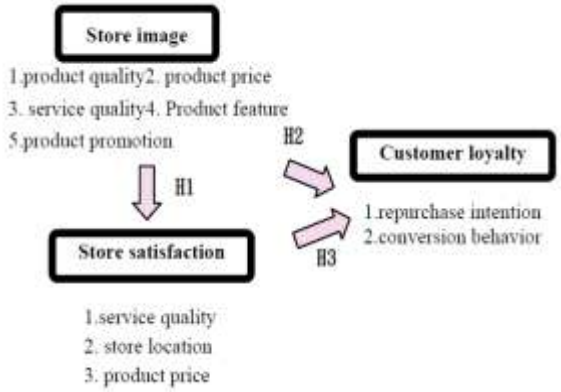

Fig 1. Research structure

The hypotheses of this study are: H1：The better the customer's impression of a store, the higher the customer satisfaction.H2：The better the customer's impression of a store, the higher the store loyalty. And H3: The higher the consumer's satisfaction with a certain drug store, the higher the store loyalty.

This research questionnaire refers to the store image questionnaire of Mr. WudeCai (2018). After modification according to the theme of this research, 48 questionnaires were administered before the cost questionnaire was modified. The questionnaire survey period is from June 1 to November 11, 2023. The questionnaire collection method is to distribute the questionnaires to drug store customers and university students.

The qualified person filling out the questionnaire must be over 17 years old and must have visited chain drugstores twice within a year. It is estimated that 400 questionnaires will be distributed to consumers who have purchased goods from Watsons. A total of 362questionnaires were recovered. After excluding invalid questionnaires, there were 317 valid questionnaires, with an effective recovery rate of 88%.

IV. RESEARCH RESULT

This study applied SPSS version 26.0 as an auxiliary calculation tool to effectively process the data surveyed by the questionnaire. The analysis methods used include: narrative statistics, inferential statistics-factor analysis and multiple regression analysis. Reliability analysis: this research questionnaire has three major aspects and the sample number is 303 people. The Cronbach's a coefficients of store image, customer satisfaction, and customer loyalty in this questionnaire are 0.841, 0.854, and 0.861 respectively, all reaching above 0.8.

The descriptive statistics of personal data are as follows: among the respondents in this study, 59% are female and 41% are male; the age of the respondents in this study is mainly "21~30 years old", accounting for 61%; The main occupation of the respondents is "service industry", accounting for 57%; the number of times the respondents patronize Watsons each year is mainly "1 to 2 times", accounting for 41%, followed by "3 to 4 times", accounting for 29%. 39% of customers go to Watsons with friends; in this study, 35% of the respondents may be university students with a monthly salary of less than 28,600, followed by customers with a monthly salary between 28,601-40,000, accounting for 31%; customers in Watsons' single consumption amount is between NT$501-649, accounting for 37%, followed by 26% between NT$300-500.

The questionnaire in this study has three major aspects. From Table 1, we can get the following conclusion: in this questionnaire, the Cronbach's α coefficients of store impression, store satisfaction, and customer loyalty are 0.752, 0.747, and 0.766 respectively, all reaching above 0.7. It means that the questions in this questionnaire are reliable.

Aspect name	Study variables	Cronbach's αcoefficient	Cronbach's variables
Store image	Product and price aspects	0.712	0.752
	Service and environment aspects	0.771	
	Unique and discounted aspects	0.787	
Store satisfaction	satisfaction aspect	0.747	0.747
Customer loyalty	repurchase intention	0.779	0.766
	conversion behavior	0.766	

Table1. The Cronbach's α coefficient value ofthree aspects

Analysis of the main aspects includes store image, customer satisfaction and customer loyalty. The KMO test values of these three aspects are all greater than 0.7, and Barlett's P values are all 0.000 and less than 0.05 within in Table2; therefore, they represent

the original data of this study is suitable for factor analysis.

	Store impression	Satisfaction	Loyalty
Kaiser-Meyer-Olkin test	0.896	0.851	0.818
Bartlett's test of sphericity	0.000	0.000	0.000

Table 2. KMO and Barlett statistical tests value

The SPSS statistical software was used to conduct factor analysis on the main aspects of store image, and three sub-aspects were obtained: product and price, service and environment, and uniqueness and discounts, within Table 3.

Aspect name	Product and price aspect	Service and environment aspect	Unique and discountedaspect
Good product quality	**.724**	.163	.417
Variety of products	**.645**	.110	.379
Thoughtful after-sales service	**.607**	.285	.073
Reasonable price	**.603**	.408	.058
Lower pricing	**.530**	.435	.052
Checkout is fast	**.596**	.071	.132
Friendly service attitude	**.541**	.179	.265
Professional service staffs	**.542**	.194	.306
Handle customer dissatisfaction	**.557**	.170	.085
Proactive service improvement	.492	**.646**	.153
Rich products	.452	**.531**	.044
The location is very inconvenient	.265	**.593**	.369
Smooth store movement	.458	**.569**	.104
The walkway is very spacious	.357	**.623**	.213
Hold limited events	.463	**.531**	.137
Only this one has this product	.447	.123	**.627**
Familiar service staff	.362	.239	**.561**
Specials often held	.466	.385	**.555**
Special treatment for members	.440	.222	**.514**

Table3. Factor analysis of store image aspect

Factor analysis was performed on the main aspects of store satisfaction, and six items including satisfied products etc. were classified into the "store satisfaction aspects" as the value are all more than 0.7 in Table 4.

Store satisfaction aspect variables			
1.Satisfied product	0.778	4.Service extra money	0.887
2.Excellent value for money	0.846	5.Much time expected	0.751
3.Satisfied with all services	0.831	6.I trust this clerk more	0.783

Table4. Factor analysis of store satisfaction aspect

This study also conducted factor analysis on customer loyalty and divided the eight questions into "repurchase intention aspects" and "conversion behavior aspects", see Table 5.

Questionnaire	Repurchase intention aspect	Conversion behavioral aspect
Spend it again in three months	**0.697**	0.169
Do you spend more time shopping?	**0.629**	0.067
Priority selection within three months	**0.718**	0.300
I would recommend it to others within three months	**0.653**	0.223
How much money did you spend on shopping in three months?	**0.626**	0.403
If other stores are cheaper, they won't buy it.	0.494	**0.547**
If other stores have promotions, they will still consume.	0.447	**0.646**
Find another store of the same type	0.444	**0.635**

Table 5. Factor analysis of customer loyalty aspect

This study performs Pearson correlation analysis. The three coefficient values are all greater than 0.7, representing store image, storesatisfaction, and customer loyalty, these three aspects are suitable for multiple regression analysis, within Table 6.

	Store image	Store satisfaction	Customer loyalty
Store image	1	0.759	0.764
Store satisfaction	0.759	1	0.809
Customer loyalty	0.764	0.809	1

Table 6. Pearson correlation test of store image, store satisfaction and customer loyalty

The multiple regression analysis of the main aspectsin this research are conducted below.

(1) Store image corresponding to customer satisfaction

The explanatory power of the three sub-aspects in store image on customer satisfaction is an adjusted R-squared value of 0.385. The three aspects of store image have a complex regression relationship with the P value (0.000) of the F test of customer satisfaction.

Under the significance level of 1%, the product and service aspects, service and environment aspects, and unique and preferential aspects (P value <0.05) are all significant, and hypothesis 1 is all establishedwithin table 7.

Aspect name	unstandardized coefficient		Standardized coefficient	T value	Sig.
	Estimated value of B	standard	Beta allocation		
Product and price aspects	.293	.080	.254	3.65	.000
Service and environment aspects	.497	.087	.415	5.68	.000
Unique and discounted aspects	.075	.067	.000	1.12	.000
Adjusted R-squared	.585				
F test P value	.002				

Table 7.Store image corresponding to store satisfaction (N=317)

(2) Store image corresponds to repurchase intention

The ability of the three sub-facets in store image to explain repurchase intention has an adjusted R-squared value of 0.425. The P value (0.001) of the F test of the three aspects of store image on repurchase intention has a complex regression relationship at the 1% significance level. In addition, the product and service facet, service and environment facet, and unique and preferential facet (P value <0.05) are significant, but the unique and discount facet does not reach significancewithin table 8.

Aspect name	unstandardized coefficient		Standardized coefficient	T value	Sig.
	Estimated value of B	standard	Beta allocation		
Product and price aspects	0.351	0.098	0.270	7.56	0.000
Service and environment aspects	0.456	0.107	0.337	8.24	0.000
Unique and discounted	0.021	0.082	0.019	1.25	0.799
Adjusted R-squared	0.495				
F test P value	0.001				

Table 8. Store image corresponding to repurchase intention (N=317)

(3) Store image corresponding to conversion behaviour

The ability of the three facets in store image to explain switching behavior has an adjusted R-squared value of 0.429. Among the three aspects of store image, the P value (0.001) of the F test on conversion behavior has a complex regression relationship at the 1% significance level.

The product and service aspects, service and environment aspects, uniqueness and preferential aspects (P value <0.05) have reached significance. In conclusion, Hypothesis 2 of store image corresponding to switching behavior "The better the customer's impression of a certain store, the higher the store loyalty is partially established" within table 9.

Aspect name	unstandardized coefficient		Standardized coefficient	T value	Sig.
	Estimated value of B	standard	Beta allocation		
Product and price aspects	0.293	0.110	0.223	4.670	.001
Service and environment	0.140	0.120	0.102	2.168	.001
Unique and discounted	0.125	0.092	0.114	2.360	.001
Adjusted R-squared	0.489				
F test P value	0.001				

Table9.Store image corresponding to conversion behavior (N=317)

(4) Customer satisfaction corresponds to repurchase intention

The ability of customer satisfaction to explain repurchase intention is an adjusted R-squared value of 0.416. The P value of the F test of customer satisfaction on repurchase intention has a complex regression relationship below the significance level of 1%. The satisfaction aspect (P value <0.05) has reached significance within table 10.

Aspect name	unstandardized coefficient		Standardized coefficient	T value	Sig.
	Estimated value of B	standard	Beta allocation		
Repurchase intention	0.505	0.055	0.571	12.2	.000
Adjusted R-squared	0.486				
P value	0.001				

Table10.Store satisfaction corresponding to repurchase intention (N=317)

(5) Customer satisfaction corresponds to conversion behavior

The ability of customer satisfaction to explain switching behavior is an adjusted R-squared value of 0.456. The P value (0.001) of the F test of customer satisfaction on conversion behavior has a complex regression relationship at the significant level of 1%. The satisfaction aspect (P value <0.05) reaches significance within table 11.Hypothesis 3 of satisfaction corresponding to conversion behavior "the higher the customer's satisfaction with a certain store, the higher the store loyalty" is also established.

	unstandardized coefficient		Standardized coefficient	T value	Sig.
	Estimated value of B	standard	Beta allocation		
conversion behavior	0.525	0.535	0.591	13.2	.000
Adjusted R-squared	0.476				
P value	0.001				

Table 11. Customer satisfaction corresponding to conversion behavior (N=317)

V. CONCLUSION

This research mainly studies the purchasing behavior of consumers purchasing cosmeceuticals in chain drugstore in Taiwan. After factor analysis, all questionnaires were divided into three major aspects: store image, store satisfaction, and customer loyalty, and this research have set three hypotheses.

This study mainly focuses on how to enhance customer loyalty of Watsons chain drugstores. Hypothesis 1: The better the customer's impression of a certain store, the higher the customer loyalty, this is partially true. Hypothesis 2, the higher the customer satisfaction with the store, the higher the customer loyalty, is fully established. Hypothesis 3 "the higher the customer's satisfaction with a certain store, the higher the store loyalty" is also established.

For chain drugstores, building customer satisfaction and loyalty of Watsons stores can bring more financial profits. Respondents generally have a good impression of Watsons stores, but cannot convert them into loyalty. Watsons needs to review why it is unable to build loyalty from new and old customers. It is suggested that it can establish long-term relationships with frequent customers and use word-of-mouth referrals from old customers to introduce new customers. Compared with other community drugstores, many Watsons employees lack professional training, as more employee training can be strengthened to increase store satisfaction and customer loyalty. In addition, Watsons's pharmacists are not stationed on a daily basis, they are unable to provide timely consultation services when customers need them, this regarding to the service quality, it need to be solved as soon as possible.

The above research conclusion is based on the study of Watsons Drugstores in Taiwan in 2023.These conclusions may not be fully applicable to other brand chain drugstores in Taiwan. It may not be applicable to chain drugstores in other countries, due to different consumer behavior and cultures.More time is needed to expand this research plan to obtain more complete and professional research conclusions.

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