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Impact of Brand Loyalty on Consumer Repurchase Intention in Nepali Retail Markets

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Abstract

The aim of the present research was to investigate the impact of "brand loyalty" on customer repurchase intention in the retail markets of Nepal, considering "customer satisfaction" as a mediating variable. Based on the theory of planned behavior and customer loyalty theory, the present study attempts to make contributions to the understanding of the impact of attitude based on brand loyalty on customer repurchase intention. Quantitative methods were used for the present research through an online survey among 385 consumers of retail markets. Partial Least Squares Structural Equation Modeling was used for the analysis of the collected data. Based on the findings of the present research, it was found that brand loyalty had an impact on customer satisfaction ($\beta = 0.642, p < 0.001$) and customer repurchase intention ($\beta = 0.356, p < 0.001$) multiple contributions are as follows: Besides, customer satisfaction was found to have an impact on customer repurchase intention ($\beta = 0.481, p < 0.001$).The model accounted for 41.2% of customer satisfaction and 58.6% of repurchase intention variance. The findings from the mediation analysis suggest that customer satisfaction is a partial mediator for brand loyalty and repurchase intention ($\beta = 0.309, p < 0.001$). The findings suggest that brand loyalty and customer satisfaction will lead to repurchase intention. This research contributes to the body of research on consumer behavior in developing nations. The findings have marketing implications for retail marketers operating in Nepal.

Keywords: *Brand loyalty, customer satisfaction, Consumer behavior repurchase intention, retail markets, Nepal, PLS-SEM*

Introduction

Given the sheer number of products and the increasing expectations of customers in modern times, acquiring and retaining customers in modern-day retailing is more

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challenging than ever. In such a context, the ability of a firm to build long-term relations with customers is one of the most critical factors for the success of a firm. For a few years now, marketing theorists have emphasized that retaining customers is more economical for a firm than acquiring a fresh customer, and customer retention is vital to building long-term competitive advantage for a firm (Kotler et al., 2022). Repurchase intention is one of the most widely used metrics for customer retention, which measures the extent to which customers are likely to purchase from a firm or brand in subsequent periods. Repurchase intention is a critical aspect for a firm since it is directly related to long-term financial success, customer lifetime value, and brand longevity in a competitive environment such as retailing (Hellier et al., 2003).

Repurchase intention has also become a subject of interest as researchers seek to understand the psychological and behavioral aspects of the decision. Brand loyalty has received a lot of interest as a subject of study among the factors influencing the decision. Brand loyalty has been defined as "a deeply personal, long-lasting disposition that is subjectively expressed as favor toward particular products or services, causing repeat patronage of these products or services across time, despite situational influences and marketing efforts which have the potential to cause switching behavior" (Dick & Basu, 1994). It has also been noted that brand loyalty has emotional, attitude, and repurchase aspects. Thus, brand loyalty has been widely accepted as a vital brand asset, which enables companies to build stable, long-term relationships with their customers, thereby generating sustained, stable, and predictable revenue growth (Aaker, 1996; Keller & Swaminathan, 2020). In the face of stiff competition, the retail brands that have the loyalty of the customers have the advantage of low marketing costs, free word of mouth, as well as defiance against the competition.

Brand loyalty and its influence on consumer behavior has been examined extensively through the framework of brand equity and consumer-brand relationship theories. Loyal consumers tend to build deeper levels of trust and association with brands, which in turn influences their behavior and shapes their decisions as consumers (Chaudhuri & Holbrook, 2001). Apart from its direct influence on encouraging repurchasing behavior, brand loyalty may also influence the way consumers assess their experiences of product and service consumption on a deeper level and may thus increase their satisfaction levels as consumers. Consumer satisfaction is defined as how well one product or service meets customers' expectations and experiences. A customer is likely to feel that they have been supplied with satisfaction and have a positive perception of the brand if they feel that there is a regular and consistent supply of value and quality delivered through brands (Luo & Homburg, 2007). Thus, satisfaction has been used as a key mediating process to link loyalty attitudes and behavioral outcomes in terms of repurchasing intentions.

One of the most prominent customer satisfaction constructs in the marketing literature is its influence on customer retention and the development of long-term economic relationships (Anderson and Mittal 2000). There have been many research works that have highlighted how customer satisfaction can influence customers to remain loyal to the brand and recommend it to other consumers (Mittal & Kamakura, 2001). Satisfaction is defined as the cognitive and affective response to a consumption experience. Most of the time, satisfaction influences the decisions of customers to continue or discontinue their relationship with the brand. Consumer satisfaction in retail markets can arise for many different reasons. The satisfaction may arise because of the quality of the products offered, the price imposition of the products, and the overall brand performance. The consumers tend to have a positive attitude if they get what they want. Therefore, their future intentions to purchase the products cannot be turned down (Mensah & Mensah, 2018). Most of the marketing scholars have stated that satisfaction acts as a connector between the psychological outcomes of consumers and their behavioral outcomes.

Given its immediate implications for business performance and customer retention strategies, repurchase intention is undoubtedly one of the most researched constructs in consumer behavior literature. Repurchase intention is defined as the willingness or likelihood of purchasing the same product or brand in the future. According to the theory of planned behavior, intentions are strong predictors of actual behavior.

Therefore, consumers who intend to repurchase a brand are likely to engage in repeat purchase behavior for that brand (Ajzen, 1991). This perspective is also capable of providing us with better insight into our own intuitive understanding of consumer intentions. Repurchase intention in retail markets reflects the formative development of brand perception, experience, and emotional connection that are created around brands. Studies have established that brand image, trust, and loyalty are significant factors in repurchase intentions in various industries (Chatzoglou et al., 2022; Lu et al., 2022). Overall, these findings suggest that building strong relationship bonds with consumers is critical in driving subsequent purchasing behavior.

Though brand loyalty, satisfaction, and repurchase intention are issues that are well researched in marketing research literature, most research in this area has only attempted to examine these issues in relation to developed markets or in relation to certain industries. Hence, in relation to emerging markets, where consumer behavior and retail markets may be different from those in developed markets, less emphasis seems to have been given. Emerging markets are unique in their own way, including but not limited to, urbanization, increase in disposable incomes, and changing consumer behavior. But this is also relevant for research scholars and practitioners in marketing, as they would have to take strategies according to how these consumer loyalty trends and repurchase intention emerge in these markets.

Indeed, Nepal is a very interesting case for exploring the concept of consumer loyalty and repurchase behavior in retail markets. Nepal's Urban Retail Sector over the Past Decade The last 10 years have seen a surge in the growth of Nepal's retail sector, driven by the increasing population of the middle class, high levels of disposable income, and exposure to international consumerism. In places like Kathmandu, the retail sector is flourishing, with many retail outlets, including supermarkets and organized retail, entering these areas to tap into the large market. As a result, there was a surge in competition between retail and brands, and thus, loyalty and repurchase behavior have become essential elements for achieving success in business. In addition, the new retail chains and technology have started influencing the behavior of consumers in the retail sector of Nepal. With the current scenario, in which there is an overwhelming amount of products and promotional activities, brand images, satisfaction, and loyalty have started influencing the behavior of consumers.

Despite the increasing importance of brand-related consumer behavior in the context of the changing retail landscape of Nepal, there exists a dearth of empirical research studies aimed at understanding the underlying mechanisms of consumer loyalty and repurchase intention. Most of the existing studies have been conducted on specific products, such as mobile phones or financial services, owing to the lack of studies on consumer behavior in the retail industry. Moreover, there has been a lack of studies aimed at understanding the role of customer satisfaction as a mediating factor between brand loyalty and repurchase intention of Nepalese retail consumers. The importance of the underlying factors of repurchase intention makes it of critical significance to the retailers who wish to have a long-term relationship with the consumers as well as be competitive in the market.

Keeping the above backdrop in view, the current study attempts to examine the impact of brand loyalty on consumer repurchase intention in the urban retail markets of Nepal, considering the mediating variable of customer satisfaction. With the integration of the theoretical views of both the TPB and the customer loyalty theory, the current paper attempts to provide a holistic understanding of the process of transforming consumer attitudes based on retention factors into consumer behavioral intentions for the newly emerging retail formats. More specifically, the current research attempts to examine the following: Do brands that have higher levels of brand loyalty result in higher satisfaction and repurchase behavior? This research will contribute to the existing literature on consumer behavior in the context of the developing country of Nepal by empirically examining the retail consumer behavior in the urban retail markets of Nepal and provide some valuable implications for the retailers on the effective formulation of brand loyalty strategies.

Literature Review

Brand loyalty is one of the most important constructs studied in the field of marketing and consumer behavior due to its significant influence on the nature of the relationship that is developed between consumers and brands. The early studies on brand loyalty were restricted to its behavioral component and emphasized the consistent repurchasing of the same brand by consumers (Jacob & Kyner, 1973). However, subsequent studies on the subject tried to expand the narrow definition of brand loyalty and its limited scope and incorporated its attitudinal and psychological dimensions. According to Dick and Basu (1994) it is not just the consistent repurchasing of the same brand that constitutes brand loyalty, but it is also associated with the development of a number of psychological and attitudinal aspects on the part of the consumers. Thus, it can be said that brand loyalty is a relationship between consumers and brands that is of a very high and long-term nature and is associated with a great deal of satisfaction and identification. Consumers who are loyal to a brand are known to resist the promotional campaigns of rival brands and changes in the prices of the brands (Aaker, 1991; Keller & Swaminathan, 2020).

From the perspective of brand equity and relationship marketing, brand loyalty has been viewed as one of the fundamental aspects. Aaker (1996) has stressed that loyalty is essentially the strength of the relationship between consumers and brands, based on consumers' experiences and emotions with the brand. The pleasant experience and satisfaction will further increase consumers' intentions to buy the same brand in the future. Another perspective has been offered by Chaudhuri and Holbrook (2001), in which brand loyalty has been viewed as an outcome of consumers' experiences with brand trust and brand affect, which eventually generates loyalty to the brand. This perspective has stressed that loyalty to a brand is not just based on product attributes, but is closely associated with consumers' perception and emotions as well.

In addition to affecting repeat purchase behavior, brand loyalty also affects the way consumers evaluate their consumption experiences. Brand loyalty, as mentioned earlier, leads consumers to view their experiences with the brand through the lens of a positive cognitive filter. Expectancy-disconfirmation theory states that satisfaction occurs when the performance of the brand meets or exceeds the consumer's expectations, thus creating a positive emotional response towards the brand. Loyal consumers are more likely to experience these types of evaluations, as the previous experiences have created a sense of trust, thus meeting the expectations of the brand. The link between brand loyalty and customer satisfaction has thus been explored extensively.

However, empirical research has consistently revealed the positive effects of brand loyalty on customer satisfaction. Loyal customers tend to have more confidence in their chosen brand. Therefore, they perceive lower risks in their purchase decisions. According to research by Luo and Homburg (2007), committed customers tend to have a more positive evaluative perception of their chosen brand's performance. The research revealed that this is because of their existing relationship with the brand. The existing relationship influences their perception of their consumption experiences. According to research by Fernandes and Moreira (2019), consumer engagement can have both loyalty and satisfaction effects. The research revealed that this is because loyalty and satisfaction are interdependent. According to research by Ghorbanzadeh and Rahehagh (2020), emotional attachment and identification can increase satisfaction among loyal consumers.

Customer satisfaction has, in turn, been viewed as a fundamental driver of consumer behavioral intentions. It has been defined as the consumer's overall evaluative judgment of the experience of consuming a product or service. It has also been viewed as a fundamental construct of consumer behavior. In theory, satisfaction has been viewed as a function of the affective experience of the consumer, where the consumer perceives the brand as meeting or beating expectations. The process of consumer perception, which includes both cognitive and affective components, has been viewed as a fundamental driver of consumer behavior. Previous studies have shown that satisfied consumers have the potential of displaying positive behavioral intentions (Mittal & Kamakura, 2001).

However, the significance of satisfaction in influencing behavioral intentions can also be understood through the lens of the Theory of Planned Behavior. According to this theory, behavioral intentions have the most direct influence on behavior. Behavioral intentions are shaped through attitudes, subjective norms, and perceived behavioral control. Satisfaction is important because it shapes attitudes toward brands. Positive experiences shape attitudes that help to build intentions of repurchasing the same brand. Therefore, satisfaction is crucial as it links experiences to future behavior.

Significant empirical research has validated the positive relationship between customer satisfaction and repurchase intention. The relationship between satisfaction and repurchase intention has been successfully established by Hellier et al. (2003). This is vital in the establishment of long-term customer relationship. In the virtual world, customer satisfaction has been established by Lu et al. (2022) as playing a crucial role in the establishment of continued intention to use on-demand service platforms. Similarly, Owusu et al. (2025) have validated the notion that high levels of customer satisfaction are positively associated with loyalty and continued purchasing relationship. The above research clearly indicates that customer satisfaction is vital in the establishment of continued customer relationship.

Besides its indirect effect through satisfaction, brand loyalty was found to have a direct effect on repurchase intention. As mentioned earlier, loyal consumers are identified by their strong emotional association and trust. Chaudhuri and Holbrook (2001) found that brand loyalty gives rise to increased levels of consumer confidence in the brand's ability to deliver value, thus directly affecting repurchase intention. This is more visible in competitive markets where loyal consumers display stable purchase behavior despite the presence of other brands.

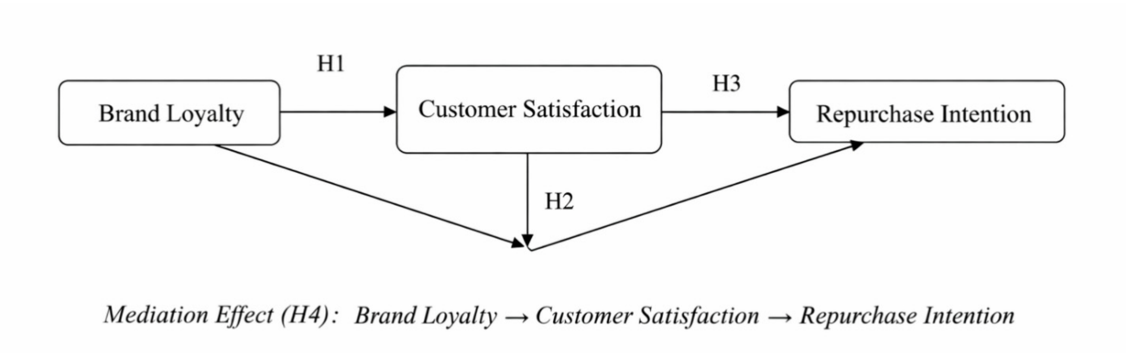
Furthermore, loyal consumers are less likely to be influenced by external marketing factors, which is commonly called resistance to 'brand switching' or 'brand drift.' Research has shown that loyal consumers are likely to exhibit habitual consumption tendencies and display significant resistance to competitive marketing offers (Dick &

Basu, 2003). This is particularly significant in retail markets with numerous product offers and marketing activities. In both brick-and-mortar and e-commerce retail markets, brand loyalty has been shown to be significant in influencing behavioral intentions, particularly in situations where trust plays an important role in decision-making (Machi et al., 2022).

Even though there exists a direct link between loyalty and repurchase intention, the latest studies have started focusing on the mechanisms of the relationship. Customer satisfaction has been identified as the key mediating factor of the process. Loyal consumers have higher levels of satisfaction, driven by the trust they have in the brand, which consequently has a positive influence on the perception of the quality of the brand's products. Satisfaction, therefore, acts as the psychological link of the relationship between loyalty and repurchase intention.

There is considerable support for the mediating effect of satisfaction. For example, the study conducted by Ghorbanzadeh and Rahehagh (2021) showed that the combined effect of emotional attachment and satisfaction influences brand loyalty and subsequent consumer behavior. Another study by Chen et al. (2021) showed that satisfaction mediated the relationship between brand experiences and loyalty in the context of digital markets. Other studies have also supported the mediating effect of satisfaction between the relationships of brand perceptions and repurchase intention in a retail context (Owusu et al., 2025).

There is considerable support for this mediating role from empirical research. For instance, Ghorbanzadeh and Rahehagh (2021) discovered that emotional attachment and satisfaction are co-factors in brand loyalty and subsequent consumer behavior. Another study by Chen et al. (2021) showed that satisfaction acts as a mediator in brand experience and loyalty in digital markets. Other research also indicates that satisfaction acts as a significant mediator in brand perception and subsequent repurchase intention in brick-and-mortar stores (Owusu et al., 2025).



Thus, according to the above-mentioned theoretical arguments and findings, this study proposes that brand loyalty would directly influence customer satisfaction, and this would in turn influence consumer repurchase intention in urban retail markets. Furthermore, brand loyalty was also proposed to exert both direct and indirect influence on consumer repurchase intention through satisfaction as a mediator. Thus, it was hypothesized that

H1: Brand loyalty has a positive effect on satisfaction.

H2: Satisfaction has a positive effect on repurchase intention.

H3: Brand loyalty has a positive direct effect on repurchase intention.

H4: Satisfaction mediates the relationship between brand loyalty and repurchase intention.

Methodology

The study design that has been adopted in the study is a quantitative approach that incorporates a cross-sectional survey design. This design can be used to investigate the relationship between brand loyalty, customer satisfaction, and repurchase intention. This approach can be used to measure consumer perceptions as argued by Creswell (2009) and Bryman & Bell (2011).

The study has been conducted in the retail industry in Nepal. The country has witnessed tremendous economic growth in recent times. This economic growth has led to rapid urbanization in Nepal. Therefore, it has changed consumer behavior in Nepal. The target population in the study comprises consumers who have been purchasing products from various supermarkets, FMCG stores, online shopping portals, etc. The study has been conducted in urban areas because consumers in urban areas are more likely to be exposed to various retail stores. Therefore, they can be considered relevant to carry out a study on brand loyalty.

The sample size that has been considered in the study can be calculated using Cochran's formula for large populations:

$$\eta_0 = \frac{Z^2 pq}{e^2} \qquad \text{... (1)}$$

where n is the needed sample size, Z = the Z-value for the given confidence level, p = population proportion, and E = margin of error. In this study, it was assumed that the level of confidence was 95%, (Z = 1.96), population proportion was (.5) to maximize variability, and margin of error was (E = 0.05). The equation can be written as:

$$\eta 0 = \frac{(1.96)^2 (0.5)(0.5)}{(0.05)^2} \qquad \text{... (2)}$$

$$= 384.16$$

Hence, the rounded sample size is 385. This is a satisfactory value for survey-based research and for the use of structural equation modeling. Previous research has shown that a minimum of 200 samples is required for a reliable outcome in SEM. Since the entire population is not known, non-probability convenience sampling is used. This is a common approach in behavioral research, enabling the researcher to choose the participants based on their availability (Cooper & Schindler, 2014). This is a suitable approach in this research since the retail consumers in Nepal are diverse. For data collection, an online questionnaire was designed and implemented via Google Forms. This is a cost-effective, accessible, and fast approach. A pilot study was conducted for 30 participants, and the questionnaire was revised for better readability.

$$\text{Indirect effect} = (BL \rightarrow CS) \times (CS \rightarrow RI) \qquad \text{... (3)}$$

Where BL is brand loyalty, CS is customer satisfaction, and RI is repurchase intention. The presence of mediation is confirmed when a significant indirect effect (or effects) is found, and partial or full mediation is confirmed through a comparison of the direct and indirect effects. In addition to the analysis of the relationships through the SEM technique, the relationships may be conceptualized in the following regression equations:

$$CS = \beta_1 BL + \varepsilon_1 \qquad \text{... } (4)$$

$$RI = \beta_2 BL + \beta_3 CS + \varepsilon_2 \qquad \text{... } (5)$$

where the coefficients indicate the strength of the relationships. These equations give an alternative view of the structural model. It is possible to reconcile these equations with the conventional regression-based approach.

To avoid the possible common method bias due to the use of self-reported data, Harman's single-factor test was conducted. In the test, it is examined whether the data are explained by a single factor. If the data are not explained by a single factor by 50% or more, common method bias is not regarded as a serious problem.

In the study, the ethical issues have been well handled. First of all, the participants are informed of the intention of the study before providing the data. Then the participants are free to withdraw from the study at any time. Moreover, the data are analyzed without collecting identifiable data from the participants. In addition, the data are only used for the research purposes. No identifiable data are collected from the participants.

Results

Respondent Profile

A total of 385 valid data points were used for the final analysis, and they were relevant for urban retail consumers in Nepal and their engagement in supermarket retail, FMCG stores, and online retail. The sample included 54.3% males and 45.7% females. The age group of the sample included 34.5% from 26-35 years, followed by 28.8% from 18-25 years. In terms of income level, 31.7% of the sample belonged to NPR 30,001-50,000, followed by 27.5% from NPR 15,001-30,000.

Table 1

Demographic profile of respondents (N = 385)

Variable	Category	Frequency	Percentage
Gender	Male	209	54.3
	Female	176	45.7
Age	18–25 years	111	28.8
	26–35 years	133	34.5
	36–45 years	87	22.6
	46 years and above	54	14.0
Monthly income	Up to NPR 15,000	68	17.7
	NPR 15,001–30,000	106	27.5
	NPR 30,001–50,000	122	31.7
	Above NPR 50,000	89	23.1
Shopping frequency	Weekly	126	32.7
	Several times a month	161	41.8
	Once a month	69	17.9
	Less often	29	7.5

The measurement model was tested for reliability and validity. Reliability of the indicators was assured by outer loadings, which were all above .70, ranging from .741 to .891. Construct reliability was tested by Cronbach's alpha and composite reliability, which were all above .70, ranging from .821 to .882 and from .875 to .914, respectively (Table 2). Convergent validity was assured by the fact that all AVE values were above .50, ranging from .584 to .680.

Measurement Model Assessment

The findings from Table 2 suggest that the measurement scales have acceptable psychometric properties. For instance, brand loyalty has a value of .648 for AVE, implying that 64.8% of the variance is explained by the construct. Also, customer satisfaction shows the highest convergent validity, as it has .680 for AVE.

Table 2

Measurement model assessment: Outer loadings, reliability, and convergent validity

Construct	Item	Loading	Cronbach's α	CR	AVE
Brand loyalty	BL1	.812	.864	.902	.648
	BL2	.845			
	BL3	.891			
	BL4	.778			
	BL5	.764			
Customer satisfaction	CS1	.838	.882	.914	.680
	CS2	.871			
	CS3	.854			
	CS4	.793			
	CS5	.786			
Repurchase intention	RI1	.819	.821	.875	.584
	RI2	.741			
	RI3	.789			
	RI4	.801			
	RI5	.732			

Note. CR = composite reliability; AVE = average variance extracted.

For discriminant validity, the study used the HTMT ratio. As shown in Table 3, it is clear that all the values for HTMT are well below .90, implying that discriminant validity is satisfactory. The highest value for HTMT is .741, which is for customer satisfaction and repurchase intention. Although these constructs are related, they fall within acceptable limits.

Discriminant Validity

The results obtained through the HTMT method further confirm that although the constructs are related, they are distinct from each other and support the assumption proposed by the model regarding brand loyalty, customer satisfaction, and repurchase intention. After the measurement model analysis, the structural model was assessed.

Collinearity diagnostics indicated no problem of multicollinearity among the constructs, as all VIF values were found to be below 3.3. It was found that 41.2% variance was explained by customer satisfaction and 58.6% variance was explained by brand loyalty regarding repurchase intention.

Table 3

HTMT ratio of discriminant validity

Constructs	1	2	3
1. Brand loyalty	—		
2. Customer satisfaction	.687	—	
3. Repurchase intention	.702	.741	—

The hypotheses were tested through bootstrapping with 5,000 resample's (Table 4). It was found that brand loyalty had a significant positive effect on customer satisfaction (β = .642, t = 14.873), and customer satisfaction had a significant positive effect on repurchase intention (β = .481, t = 8.962). In addition, brand loyalty was found to have a significant positive effect on repurchase intention (β = .356, t = 6.421). This confirms the role played by both loyalty and satisfaction in the formation of repurchase intention in urban retail markets.

Structural Model Assessment

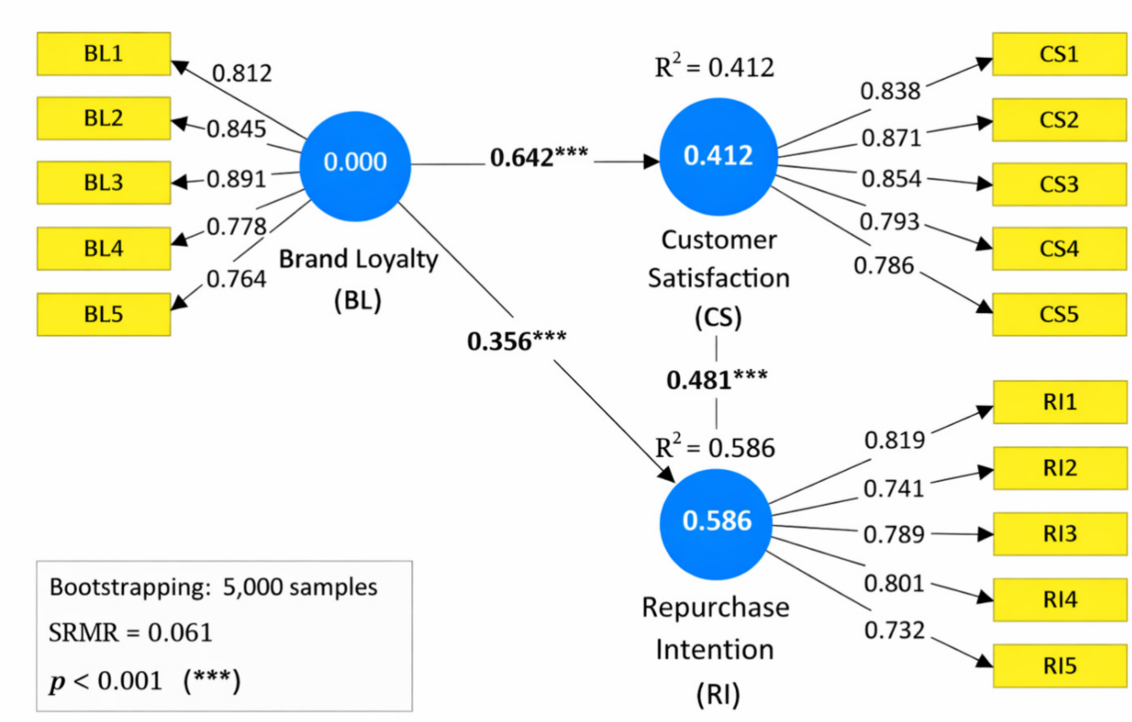
Table 4

Structural model results and hypothesis testing

Hypothesis	Path	β	SE	t	p	Decision
H1	Brand loyalty → Customer satisfaction	.642	.043	14.873	< .001	Supported
H2	Customer satisfaction → Repurchase intention	.481	.054	8.962	< .001	Supported
H3	Brand loyalty → Repurchase intention	.356	.055	6.421	< .001	Supported

The path coefficients reveal that brand loyalty has the strongest predictive power for customer satisfaction, while customer satisfaction has a slightly stronger effect on repurchase intention than the direct effect of brand loyalty. These results are consistent with theory and confirm the positive relationships between brand loyalty and customer satisfaction, as well as customer satisfaction and repurchase intention. The effect size analysis (f^2) demonstrates a strong effect for brand loyalty on customer satisfaction ($f^2 = .701$), a moderate effect for customer satisfaction on repurchase intention ($f^2 = .249$), and a small-to-moderate direct effect for brand loyalty on repurchase intention ($f^2 = .141$).

The analysis also demonstrates that the indirect effect of brand loyalty on repurchase intention through customer satisfaction is significant ($\beta = .309$, $t = 7.844$, $p < .001$). As the direct and indirect effects are significant, customer satisfaction acts as a partial mediator.



The structural model with standardized path coefficients has been depicted in Figure 2 by using SmartPLS. Here, brand loyalty was found to positively influence customer satisfaction significantly (β = .642). In addition, customer satisfaction was found to significantly influence repurchase intention (β = .481). Moreover, brand loyalty was found to influence repurchase intention significantly (β = .356). The model was found to explain 41.2% of the variance in customer satisfaction and 58.6% of the variance in repurchase intention (Table 5). Figure 2 depicts the mediating role of customer satisfaction; where brand loyalty was found to influence repurchase intention both directly and indirectly.

Mediation Analysis

Table 5

Mediation analysis

Path	Indirect effect (β)	SE	t	p	Mediation type
Brand loyalty → Customer satisfaction → Repurchase intention	.309	.039	7.844	< .001	Partial mediation

This mediation result points out that satisfaction is one of the mediating factors by which brand loyalty affects repurchase intention, as opposed to it being another predictor. This implies that consumers who are brand-loyal will be more satisfied, and this satisfaction will in turn increase repurchase intention. However, it is also evident from this result that brand loyalty has a direct impact on repurchase intention. These relations can be explained by the following equations:

$$CS = 0.642(BL) + \varepsilon_1 \quad \ldots (6)$$

$$RI = 0.356\ (BL) + 0.481\ (CS) + \varepsilon 2 \quad \ldots (7)$$

$$\text{Indirect effect of BL on RI} = 0.642 \times 0.481 = 0.309 \quad \ldots (8)$$

These equations indicate that for every one-unit change in brand loyalty, there is a corresponding .642 change in customer satisfaction. The factor of repurchase intention is directly affected by brand loyalty (.356) and indirectly affected by customer satisfaction (.481) with a significant indirect effect of .309. The fit of the model was established using SRMR, where .061 is well within .08. The Harman test for single factor extraction showed that the first factor accounted for 34.2% of variance, and hence there is no serious common method bias. Overall, the hypotheses for direct and indirect effects have been supported. The findings from smartPLS have established that brand loyalty is a significant antecedent for customer satisfaction and repurchase intention, and customer satisfaction plays a mediating role for brand loyalty and repurchase intention in the context of the Nepalese urban retail market.

Discussion

The results of this study offer significant empirical evidence of the relationships between brand loyalty, customer satisfaction, and repurchase intentions in Nepal's urban retail markets. All hypothesized relationships were significant at $p < 0.01$, reinforcing the role of customer satisfaction as a mediating influence of brand loyalty on repurchase intentions. These results reinforce the importance of relationship marketing in competitive emerging markets such as Nepal (Ekakshya & Jha, 2023).

The significant influence of brand loyalty on customer satisfaction suggests that customers with higher loyalty experience greater customer satisfaction. Loyalty can be defined as a broader concept than repurchasing intentions; loyalty can include trust, emotional bonding, and brand attitude (Chaudhuri & Holbrook, 2001). Loyal customers are likely to perceive their relationships with the brand in a favorable manner, which increases their customer satisfaction. Prior research has shown that brand loyalty can positively influence customer experience and brand attitude (Luo & Homburg, 2007; Fernandes & Moreira, 2019). In Nepal's urban retail markets, brand loyalty can be seen as a balancing influence on customer satisfaction.

It also provides evidence that a positive link exists between and satisfaction leads to purchasing Repurchase intention is influenced by customer satisfaction because customers who are content are likely to purchase the brand again. This argument is supported by the Theory of Planned Behavior, which states that behavior is influenced by attitudes that are shaped by past experiences (Ajzen, 1991). Satisfaction leads to a positive attitude towards a brand, which in turn leads to a greater intention to repurchase. This argument is supported by past studies that have shown that satisfaction leads to a change in behavior in relation to customer loyalty (Hellier et al., 2003; Mittal & Kamakura, 2001).

In addition to its indirect effect on repurchase intention, brand loyalty has a direct effect on repurchase intention. This argument is based on the fact that customers who are brand loyal are likely to repurchase a brand even in the presence of alternatives because brand loyalty leads to a level of resistance to change (Uncles et al., 2003). This argument is supported by past studies that have shown that brand loyalty leads to a change in behavior in relation to repeat purchase behavior (Chaudhuri & Holbrook, 2001). In a competitive retail environment in Nepal, brand loyalty can thus be a major strategic advantage.

Further analysis of the mediating effect using the partial mediation model indicated that customer satisfaction has a partial mediating effect between brand loyalty and repurchase intention. Although brand loyalty directly affects customer behavior through repeated purchasing, a significant proportion of the effect occurs through customer satisfaction. This implies that customer satisfaction is important for understanding consumer behavior. This study supports previous literature indicating the mediating effect of customer satisfaction between brand and behavior relationships (Ghorbanzadeh & Rahehagh, 2021; Pratiwi et al., 2021).

The study contributes to theory by adopting an integrative approach based on the Theory of Planned Behavior and Customer Loyalty Theory for understanding consumer behavior in retail markets. This study found that consumer behavior based on brand loyalty and customer satisfaction evaluations occurs in retail markets. This study is important for understanding consumer behavior in emerging markets, especially for countries such as Nepal, where brand loyalty and customer satisfaction evaluations occur. This study validates the relationships between consumer behavior based on brand loyalty and customer satisfaction evaluations in retail markets in Nepal. This study contributes new knowledge to the existing literature regarding consumer behavior based on brand loyalty and customer satisfaction evaluations in retail markets.

The findings have significant managerial implications for retailers and marketers in Nepal. Firms should focus on the quality, reliability, and communication aspects of their service to develop long-term customer relationships. As satisfaction is a significant antecedent of repurchase intention (Lee & Gopinath, 2009), retailers should focus on creating a positive experience for customers. Furthermore, the positive association between brand loyalty and repurchase intention indicates the importance of developing brand loyalty. Nevertheless, satisfaction is a mediating factor in this association. Thus, developing brand loyalty is not enough; a satisfying consumption experience is essential.

The findings support the research hypothesis that both brand loyalty and satisfaction have a significant impact on repurchase intention in the urban retail market of Nepal. A direct and indirect effect of these variables on repurchase intention provide a deeper understanding of the impact of consumer attitudes and experiences on purchasing decisions.

Conclusion

In this study, the effect of brand loyalty on repurchase intention was examined in Nepal's urban retail sector, and customer satisfaction was considered as a mediator variable. The findings of the study revealed that brand loyalty has a positive effect on customer satisfaction and repurchase intention, and customer satisfaction has a significant effect on repurchase intention. Moreover, customer satisfaction partially mediates the relationship between brand loyalty and repurchase intention, suggesting that loyalty influences consumers' experiences, and experiences, in turn, influence repurchase intention. These findings of the study are consistent with the Theory of Planned Behavior and the Customer Loyalty Theory, suggesting that consumers' attitudes and experiences influence their behavior. Consistently satisfied consumers are more likely to repurchase, and this finding provides insight into consumers' behavior in Nepal's retail sector, which is expanding rapidly. Practically, retailers must strive to offer quality service standards and ensure a positive customer experience. Increasing satisfaction levels through quality service standards, price fairness, and meeting customer expectations is vital because loyalty is not enough without satisfying experiences. Although the study is significant, it is also subject to certain limitations. First, the nature of the study is cross-sectional. It is also subject to convenience sampling. In the future, the study could be conducted longitudinally. It could also include other variables.

In conclusion, the study is significant because it provides meaningful theoretical and managerial implications regarding the determinants of repurchase intention in the retail market of Nepal.

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