CHAPTER-II

REVIEW OF LITERATURE
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2.1 INTRODUCTION
The aim of this chapter is to review and summarise the existing literature in the four areas of knowledge relevant to this study. The first four areas of knowledge pertain to emerging of new formats with the organised retail sector, factors influencing customer selection of retail outlet, strategies in retail sector, retail service quality research.

Section 2.2 reviews that the retail sector has radically been altered in terms of scale, organization, and its geographical representation. The emergence of innovative store formats, the increased prevalence of international retail chains, the development of large scale out-of-town retail environments and the appearance of new consumption patterns have been the foremost factors of the retail change in many countries.

2.2 RETAIL FORMATS
2.2.1 Introduction
The retail sector has undergone major changes in the world especially in the last two decades. The organisation structure, the scale, and its geographic representation has changed all over the world and especially in countries like India, China and Brazil which are favourites of international retailers as there is the retail sector in these countries is still unexplored. There exists a lot of potential due to factors such as big population and large section of retail being unorganised. The new store formats are no longer the dull and boring similar structures rather exciting and interesting structures, the increased presence of international retail chains, the growth of large scale outlets on the outskirts of town. The changed retail environments and the changing pattern of consumption have been the prime factors that characterise the retail change in many countries. The globalisation of retailing has been occurring for many years and in developed markets like U.S academia is contributing by developing models and research which contributes to success of retailers in serving the customers; but research related to retailing especially in countries like India, where retailing is still
dominated by the unorganised sector has a relatively short history. The following section presents the review of studies which have helped in the conduct of the study.

The review of literature related to emerging new formats highlights that not much work has been done in this area except few works of recent origin. The initial work by Ross Davies (Reynolds and Lowe, 2007) was focused on the evolving and changing structure and pattern of retail locations, in which the changing nature of retail format played an especially important role. But the meaning of the term “retail format” is not clear when the term “retail format” is used by the retailers? As explained in the wheel of retailing, the retail formats are often referred to as life cycle models. The view of practitioners who create and manage retail formats need to be considered. It is interesting to look for reasons which compel retailers to bring about changes in the retail formats. The surfacing of new retail formats and their evolving nature is generating interest of the academicians. Retailers and academicians feel that retail format influences the store choice.

Reutterer and Teller (2009) developed a study by taking into consideration the increasing competition among the retail format stores. The objective of the study was to identify the influence of shopping occasions. This objective was achieved by using different shopping trip types as a moderating variable on store format choice in a grocery retailing setting. The focus was on complete store outlook where formats are understood as an image of stores where retail marketing strategies and actions such as location, product range, price level and atmospherics are applied in a conventional, format specific way. In order to study store format choice behaviour with respect to different shopping occasion’s authors applied a Random Utility Theory (RUT) approach. Different models were discussed and applied to store format choices that relate a variation of discrete choice variables. The variables taken into consideration here were such as store formats chosen for major or fill-in trips. The study took into account how these influenced consumers’ perceptions with respect to a set of store format attributes in an RUT framework. The estimation results indicated that multi-attribute models for store format choice fit quite well. The researchers with the model provided some interesting insights into the preference formation process underlying consumers’ store format choice decisions in grocery retailing. The results verified that there were several factors responsible for the format choice such as range of products, the atmosphere, the location as well as the price of the goods. Therefore it is essential
that while formulating plans and studying customer behaviour multiple attributes are taken into consideration along with their individual importance in choice of retail format.

Reynolds et al (2007)\(^3\) in their research reported that there was no single accepted definition of retail format. The term is used both in a generic sense and also to describe the specific offer of a particular retailer. Still there have been several often somewhat useless, attempts to define specific retail formats. Although these definitions according to the author fail to provide any help. Wal-Mart, for example, had been variously described as a “discount store operator” “hypermarket” and “power centre”. They suggested that a retail format is the physical personification of a retail business model: the structure that helps the firm to relate its activities to its business context, activities and strategy. The business model developed by the authors can help the retailer select its market and customers, define and differentiate its products and range. The researchers basically provided a framework within the boundaries of which strategic decisions can be made and implemented.

Sinha and Kar (2007)\(^4\) provided an insight into the growth of new retail formats in India. The authors point out that the Indian retail sector is going through a transformation and this emerging market is witnessing a significant change in its growth and investment pattern. Both existing and new players are experimenting with new retail formats. Two popular formats hypermarkets and supermarkets have been growing very fast. Apart from the brick-mortar formats, brick-click and click-click formats have also been increasingly visible on the Indian retail landscape. Consumer dynamics in India is changing and the retailers need to take note of this and formulate their strategies and tactics to deliver value to the consumer. This paper ended on the note that modern retail developments and growth of modern formats in this country is happening at a fast rate.

In the study by Fox et al (2004)\(^5\) the focus was on competition between grocery retailers and emerging new formats especially mass merchandisers. The authors explored how retailer assortment, pricing and promotional policies, as well as household demographics, affect shopping behaviour and expenditures in these different formats. The study presented an exploratory analysis of consumer response across retail formats, which was intended to provide a foundation for future research in multi-format shopping behaviour and retailer decision-making in non-grocery
formats. The study was carried with the help of a new panel dataset collected by Information Resources Inc. (IRI) which held the information related to consumer packaged goods purchases made at alternative retail outlets. The authors made an estimate, a hierarchical multivariate tobit model which captured consumer decisions about “where to shop” and “how much to buy.” They found that shopping and spending were a lot different across than within formats, and that the retailer's marketing mix was responsible for more variation in shopping behaviour than travel time. Of the marketing mix variables considered, the study found that expenditures respond more to varying levels of assortment (in particular grocery stores) and promotion than price. The findings were different in light of the grocery industry's efforts to reduce retail assortments. Price sensitivity was the most evident at grocery stores. Shoppers at drug stores were found to be more sensitive to travel time than other formats, perhaps due to the convenience orientation of drug stores. They also found that households which shop more at mass merchandisers also shop more in all other formats, suggesting that visits to mass merchandisers do not substitute for trips to the grocery store.

Baek (2003) in his paper, examined the evolution of major retail forms—supermarkets, department stores, discount stores, and convenience stores—in Korea during three phases from the 1970s to the 1990s. Particular emphasis was given to changing markets and competition among retail forms and the relation of those factors to operating systems. The paper found that the changing structures had lead to operational changes as well.

There are several thinkers who have used the “CSS” (convenience, shopping and specialty) categorisation to differentiate between particular types of goods and the retailers selling them (Bucklin, 1962).

Cort and Dominguez (1977) first highlighted the format literature in the trade related studies. Messinger and Narsimhan, (1997) defined store format as the mix of variables that retailers use to develop their business strategies and the mix consisted of assortment, price, and transactional convenience and experience. The study suggested that the consumers’ choice of retailers is influenced by; assortment of products available, price of the products, transactional convenience and the shopping experience. Their study concluded that the changes taking place in the store type are not to realize economies of scale but to provide a one stop shopping experience,
which is the demand of consumers for time saving convenience. And as the competition is increasing among retail players it is important that consumers’ tastes and preferences should reflect in the store format.

Levy and Weitz (2002)\textsuperscript{10} have also been defined retail format as a type of retail mix used by a set of retailers. They suggest that as lately, retail has been one of the growth areas in the global economy. It has witnessed a high growth rate in the developed countries and is poised for an exponential growth, in the emerging economies. Along with the rapid growth, retailing scenario has also been characterised by increasing competition and emergence of increasingly new retailing formats which are being offered by these retailers to compete and differentiate.

Rosenbloom (1976)\textsuperscript{11} presented a three dimensional construct called the Trade Area Mix in this study. When combined with the traditional Retailing Mix in a matrix format, an analytical framework, referred to as the Retail Strategy Matrix, was developed. This Retail Strategy Matrix offers the retailer a useful framework for analyzing trade areas in the increasingly complex environment.

\section*{2.3 RETAIL STORE CHOICE FACTORS}

\subsection*{2.3.1 Introduction}

The second research area was related to retail store choice behaviour. It basically tried to find out “Why do consumers shop at the stores they do?” Marketing academics, practitioners and retailers have long recognised the importance of this question because it affects not only where consumers buy, but what and how much they buy. And by understanding the factors influencing their choice they can formulate strategies to influence decision making. Store choice and patronage behaviour involve a decision process related to where consumers shop, how they shop and what they purchase. Moreover, the consumer's perceptions and attitudes derived from experiences, information and need towards certain store attributes have been recognised as the most influential in the patronage decision making process. This will help in understanding the areas in the retail store that need to be concentrated on for influencing the store selection process. The attributes which come across as important can be embedded into the retail strategies to influence consumer behaviour. The retailer is faced with the allocation of funds between two important marketing
objectives: acquiring new customers and retaining existing customers. Therefore, below the researcher looks into the available literature on retail choice related to acquiring new customers. And the subsequent sections will look into strategies being used to retain these customers and finally the very important area in retailing the retail service quality.

**Ballantine et al (2010)** in their study, “Atmospheric cues and their effect on the hedonic retail experience”, suggested that the experiential retail concept had grown into a fuller hedonic experience desire for customers. The researchers felt the need to develop a holistic approach to understand the hedonic involvement a customer seeks and experiences. The issue was felt important as the atmospherics presence is considered more relevant for the shopper environment. The study found that the conceptual integration of experiential consumption, hedonic consumption and atmospherics had been long overdue, and the study helped in providing a theoretical link and applied it in real store settings. This study also suggested that while the effective use of attractive stimuli like interactive product displays or attractive display features are important, consumers must be enabled through the use of facilitating stimuli such as comfort and lighting.

**Byoungho et al (2010)** did a study to help US apparel firms successfully enter promising markets, the aim of the study was to compare evaluative attributes that Chinese and Indian consumers use when purchasing denim jeans. Data was collected in Shanghai, China and Bangalore, India. To measure consumers’ evaluative criteria in more realistic settings, this study employed a conjoint analysis method. The purpose of this study was to compare apparel evaluative criteria between Chinese and Indian consumers when they purchase apparel employing conjoint analysis. The findings of this study confirmed that Chinese and Indian consumers ranked the importance of attributes differently when they purchased denim jeans. The populations exhibited difference in the importance related to various attributes. For Chinese consumers, price was the most important attribute, followed by fitting, brand country of origin, quality and design whereas Indian consumers placed importance on fitting, brand country of origin, design, price, and quality in a descending order. For three evaluative attributes (brand country of origin, price and design), there was a significant difference in Chinese and Indian consumers choice criteria. Price was
more important to Chinese consumers whereas brand country of origin and design were more important to Indian consumers.

Chen-Y et al (2010)\textsuperscript{14} selected South Korea and US adolescents to compare the similarities and differences in their clothing motives and store selection criteria. The purpose was to determine whether clothing motives significantly differed between South Korea and US participants. To achieve the same the researchers used a Hotel ling’s Trace of Multivariate Analysis of Variance (MANOVA), which showed that a significant difference existed between South Korea and US participants in clothing motives. On comparison of the South Korea participants, it was found that US participants had significantly higher social approval, recreation, and recognition motives, while South Korea participants had significantly higher image expression motive. Although results of the study showed that multinational companies still need to research each local culture to identify target customers in each country, the similarities found in the results suggested that a uniform global strategy in store attributes may be possible for international adolescent apparel companies that target adolescent consumers with the same clothing motive.

Hassan et al (2010)\textsuperscript{15} aimed their study at enhancing the knowledge on furniture consumers’ retail patronage. The study helped in the identification of factors which should be used for promotion and facilitating and boosting the efforts to increase sales at furniture stores. The research was proposed to develop a general model of retail patronage and to empirically test the relationships proposed in the model in the context of furniture market. The objectives of the study were to develop a general framework of retail patronage behaviour. The study of existing retail patronage models and related literature was done to understand the behaviour. The review of literature helped in adapting Darden’s patronage model. The authors then tested the model in the furniture store shopping patterns with the help of data. The purpose was to study the underlying relationship among the variables that characterise consumers’ patronage behaviour towards furniture. It was found that in terms of shopping orientation, the apathetic shopper and the personalising shopper was influenced by the lifestyle of the consumer and hence influenced the customer patronage. Store image on the other hand was found to enhance the impact on consumer patronage of the furniture store. The study recommended that more dimension of life style, shopping
orientation and store image should be incorporated. As more dimension would give a better overview of the patronage behaviour of the consumer.

**Elms et al (2010)** investigated in their paper the extent of retail change in the UK grocery sector over the last 30 years. Through reconsidering 30 years of retail change, the paper highlighted that with time how peoples shopping habits have changed and evolved. The paper examined how retail did, in fact, change over a much longer timescale: with some unanticipated innovations in place even by 1984. References were made to academic research on grocery retailing in progress at the time and the authors felt that there have been significant changes that have taken place in importance of factors influencing selection of shopping place.

**Zielke (2010)** in his study tried to establish that how price perceptibility, price processibility and price evaluation, assurance influence behaviour of the customers. The knowledge generated by the study helps the retailers in understanding the influence of factors on selection behaviour and intentions to shop at their store. The study was conducted by analysing the impact of five different price-image dimensions on shopping intentions. An understanding of the direct and indirect effects of five price-image dimensions on shopping intentions for different store formats was made. The study used earlier studies to shed some light on the behavioural impact of price-image dimensions on consumer behaviour as a base. It extended the previous research by advancing price-image measurement and modeling the direct effects of price-image dimensions on shopping intentions. The findings of the study were that perceptibility and processibility influenced shopping intentions indirectly, resulting in significant total effects. When store format was added as a moderator, it further shed additional light on the importance of both dimensions especially for supermarkets and traders at the weekly markets. The multiple group analysis was used in the study which identified a number of differences in direct, indirect and total effects between store formats.

**Carpenter and Moore (2009)** in their study provided an updated view of retail cross shopping among apparel shoppers in the US with the help of an exploratory research design. The study examined the differences among apparel shopping segments based on demographic characteristics and desired retail attributes in order to provide retailers with useful information for understanding these segments. The researchers used telephonic survey to collect information from sample of U.S
consumers. The study with the help of cluster analysis identified three clusters. The first cluster constituted of shoppers who frequently shopped between traditional and value department stores. The second group frequently shopped for apparel at discounter and the third group cross shopped between value department stores and discounters. The last group consisted of shoppers who cross shopped between upscale department stores and specialty stores. The findings with the help of ANOVA indicated that there existed significant cross shopping for apparel between intra and inter type retail competitors. Consumers were taking advantage of the availability of different formats presence. This meant that retailers need to use effective positioning strategies, making full use of competitive advantage and formulating effective target marketing strategies in the highly competitive environment. Demographic characteristics varied among single format shoppers and cross shoppers. Intra type cross shoppers included a large number of males, Caucasian and married shoppers. The study found shoppers of this cross shopping segment were older, than shoppers of other cross shopping segment and their income and education levels were higher than shoppers of single format discount shoppers. The study offered valuable information on apparel cross shopping behaviour and the importance of retail attributes among apparel shoppers.

Vyas et al (2009) attempted to replicate a conceptual framework that explained why two customers with the same (different) levels of satisfaction engaged in different (the same) patterns of repurchase behaviour. The researchers made an attempt to understand the association of key moderators influencing the relationship. The study identified factors influencing the repurchase intentions of retail customer and also investigated the factors affecting the repurchase intention of the retail customers. The relationship between the factors affecting repurchase intentions of retail customers was also studied. The study was based on primary data that was collected using a survey method with the help of a structured non disguised questionnaire administered in person on customers when she/he came out of the retail stores viz., Big Bazaar, Reliance Super, and Subhksha located in the twin-cities of Anand and Vallabh Vidyanagar of the Central part of the State of the Gujarat. The study found that there was significant correlation between satisfaction and involvement and satisfaction and decision convenience. The research study yielded significant correlation between repurchase intention and post benefits convenience, repurchase intention and
involvement and repurchase intension and satisfaction. From the study it was found that satisfaction, involvement, post benefit convenience, accessibility convenience, transaction convenience, and time convenience were the most influencing factors for repurchase intentions of retail customer. The study provided significant correlation between satisfaction and involvement, satisfaction and repurchases intension and satisfaction and decision convenience. The study found that the retailers cannot neglect the 7 factors identified in the study at any cost, as they were very important for customer satisfaction and repurchase intension.

Clottey et al (2008)\(^{20}\) identified the determinants of customer loyalty for a large U.S. retailer. An ordered logistic regression was used to estimate the percentage of a retailer’s customers who were willing to recommend the retailers products to others based on survey results. The research identified three statistically significant determinants of customer loyalty and used ordered logistic regressions to estimate the percentage of a retailer’s customers who were willing to recommend the retailer’s products to others. The logistic regression model supported the three hypotheses that product quality, service quality, and brand image are drivers of customer loyalty in a retail setting. The study found that brand image was the strongest driver of customer loyalty followed by product quality then service quality.

McKenzie (2008)\(^{21}\) helped to address the gap in understanding the shopping behaviour of Estonian and Canadian university students through empirical survey. The data for the study was collected with the help of questionnaires administered in Estonia and Canada. The researchers analysed the data was from two perspectives. The first was to determine if the retail service quality construct differed between the two samples, and secondly to use confirmatory factor analysis, and regression analysis to test a model of shopping behaviour and to make comparisons between the shopping behaviour of university students in the two countries. The study hypothesized that there would be differences in how the individual factors were perceived in the two markets. For the Canadian students, the researcher proposed that their greater exposure to both a greater number of, and longer history of experience within “Western” retail environments would result in a greater emphasis on the more intangible indicators of service quality such as personal service. The Estonian students were more focused on the tangible indicators of retail service, which are represented by the physical factors. The three main contents of merchandise
price and selection, and retail service quality were the best indicators of customer loyalty for authors sample sets. The findings were that in terms of the retail service quality construct both the Estonian and Canadian samples supported the position that the construct can be modeled at both an integrated and a sub-dimension level. The results found that there existed several commonalities in retail shopping perceptions, as well as significant differences in how shopping practice in terms of the construct structure, and individual service drivers, should be theorised. The Canadian sample indicated a greater focus on retail service quality perception at the sub-dimension level while the Estonian sample indicated a greater focus on retail service quality at an overall or integrated level.

Alhemoud (2008) in his study determined the product selection processes from Kuwaiti nationals based on their shopping habits in the Co-Operative Supermarkets (A government owned grocery stores). The study was to explore the key determinants of customers' patronisation of private supermarkets in Kuwait. The study focused on studying the importance that customers attach to a set of store attributes drawn mainly from the literature. The authors attempted to examine the relationships between the perceived importance of the attributes and the characteristics of supermarket shoppers. The author expanded the concept of consumer satisfaction to evaluate the post purchase affective response. It presented the development of a consumer typology based on affective response that was basically broken into two groups. A self-administered questionnaire developed on the basis of the foregoing review of the literature included a pool of 19 check-off items pertaining to supermarket choice. An exploratory factor analysis was used to uncover the underlying dimensions of supermarket image. A stepwise regression was used to investigate which of the identified factors were salient to the frequency of supermarket shopping. A series of analysis of variance (ANOVA) tests were performed to explore the differences among consumers with respect to their demographic characteristics across the identified image dimensions fourteen store attributes were identified. These attributes were factor analysed, generating four image dimensions intuitively labeled merchandise, personnel, accessibility and promotion. The results showed that merchandise image was the most salient in determining the frequency of supermarket shopping. None of the demographic characteristics of consumers did seem to have an impact on the perceived importance of the promotion image. Most of the differences among the
categories of the consumers' demographic characteristics were found in the accessibility image.

Rathod and Patel (2008) focused on finding the difference of criteria for selection of retail store among customers. For the research they considered eight choice criteria on the basis of which customers select particular type of retail outlets to purchase some products. Primary data was collected from seven big cities of Gujarat by quota sampling. The findings showed that the choice criteria for selecting a particular retail outlet, in case of multi brand retail outlets differed. The availability of variety was given the highest importance by customers, second priority was given to service quality and third most important criteria was availability of variety and fourth was shopping convenience. Convenient location was another factor effecting the selection of exclusive retail outlets.

Du Preez et al (2007) conducted a study on male apparel consumers. In order to first describe their shopping mall behaviour, secondly to determine if they could be clustered according to lifestyle, shopping orientation and patronage behaviour and finally profile clusters based on demographics, lifestyle, shopping orientation and patronage behaviour. The store intercept method was used by authors to collect data from male apparel consumers aged 20-35 years. The questionnaire comprised five sections. Shopping mall behaviour was covered with the help of 6 items that covered mall patronage, shopping companions, mall activities and time spent shopping. Lifestyle comprised of 23 items adopted from Du Preez (2001) and Shim and Kotsiopulus (1993). Shopping orientation used 22 items covering seven shopping orientation categories proposed by Visser and Du Preez (2001). Patronage behaviour regarding 11 menswear stores (discount, specialty, and department and signature stores). The respondents’ shopping mall behaviour differed regarding motivation for patronage, shopping companions and preferences for mall activities. All the variables differed significantly between the clusters with the exception of local store patronage shopping orientation.

Torres and Yucetepe (2007) in their study suggest that each retailer must identify a meaningful differential advantage that can be effectively communicated to its target market so that consumer perceptions of the retail store will be aligned with the retailer’s positioning. This empirical study extends previous store image research by using consumer perceptions of store image to determine whether these perceptions are
aligned with retailers’ intended positioning. The failure of retailers to align consumer perceptions with retail positioning will result in ineffectiveness and inefficiencies.

Carpenter and Moore (2006) did a research to provide a general understanding of grocery consumers’ retail format choice in the US marketplace. To accomplish this purpose, they used demographics as a framework for examination of consumer format choice across five major retail formats in the domestic retail industry: specialty grocers, traditional supermarkets, supercenters, warehouse clubs and the emerging internet format. Data for the research was drawn from a larger study that examined general patronage behaviors across multiple retail contexts. The importance of 15 store attributes was measured on a five-point interval scale. The study used combination of descriptive and inferential statistical techniques was used to analyse the effects of demographics and store attributes on format choice. The results of stepwise regression model indicated that respondents with higher incomes were more likely to shop in specialty grocery stores. The results did not indicate that the other demographics predicted the propensity to patronize the specialty format. The top five store attributes identified with the help of the small sample of frequent shoppers among the specialty grocery format were cleanliness, product selection, courtesy of personnel, crowding and price competitiveness. Though price competitiveness was ranked lowest by the frequent specialty store shopper, it remained one of the top five store attributes sought the results provide interesting insights into the US consumer’s choice of grocery format. The attribute cleanliness was the most important attribute regardless of format was not unexpected. The price competitiveness attribute appeared to be most important among shoppers in the traditional supermarket format and the supercenter format.

Mitchell and Harris (2005) in their study examined a method to help retailers understand grocery consumers’ store choice processes as a function of the linkages between store attributes, shopping motives and risk dimensions which can help them develop a more coherent and clearer positioning strategy. The findings suggested that the prime factors that consumers use to compare grocery stores are the four main risk dimensions.

Yoo and Chang (2005) identified the attributes that consumers consider to be most important when making format choices, and also the demographic characteristics of these consumers in grocery retailers that operate within the US. The knowledge
generated with the study would help in decisions related to retail formats. The exploration of the theoretical background found store image attributes suggested by many previous researchers as important determinants of store loyalty and also to identify which store image attributes affect store loyalty significantly according to retail type respectively. The survey method was used to find out if store image attributes affected store loyalty differently for department store and discount store. The questionnaire included 117 items that were related to characteristics of store image. The results of empirical analyses showed that store image attributes of store loyalty depend on the retail types. In department stores, store atmosphere, location, shopping facility and sales-personnel service affect store loyalty significantly. In discount stores, advertising, quality of merchandise, credit service and store atmosphere had a significant influence upon store loyalty statistically. Therefore the study found that different store attributes were significant in different store type.

Sinha and Banerjee (2004) in their study “Store choice behavior in an evolving market” felt that there was a growing need to evaluate the true drivers of shopping behaviour in the Indian context. Their study identified, at a macro level, the drivers of store choice in various product categories, in the of the evolving retail industry in India. The study involved a field survey conducted across different stores in the city of Ahmedabad, in the Western State of Gujarat with the help of structured questionnaire. The data collected with structured questionnaire was later analysed with help of a Multinomial Logit tool using macro variables identified for understanding store choice. The Shoppers had several reasons for choosing their store out of which it was found that overall; proximity and merchandise were the primary reasons. More than 70 per cent of the respondents indicated these as their strongest reasons for choice. The third reason was the ambience (8 per cent) and patronised store (8 per cent). On a composite basis, they accounted for about 60 per cent and service became the third important reason (15 per cent). Out of 240 respondents only 100 (40 per cent) could provide as many as three reasons. Seventy per cent had at least two reasons. The results indicated that shoppers generally had just one good reason, and at most two reasons for visiting a particular store. And therefore retailers should be able to identify these attributes for their target segment markets. The retailers can concentrate on these reasons and increase the satisfaction of the people visiting the store.
Sinha (2003) in his study attempted to understand shoppers from their disposition towards shopping. The study brought out the shopping orientation of the Indian shoppers. The structured questionnaire was used to collect information from respondents on orientation towards shopping which were generated with the help of earlier studies. They constituted four constructs: pre-shopping information search, processing of information while shopping, post-purchase information management, gratification derived out of shopping. A factor analysis was done, which extracted 13 factors. The scale composed of 37 statements. To arrive at a profile of shoppers based on their orientation, the authors utilized K-means cluster analysis. Further, the authors carried out a CART (Classification and Regression Tree) analysis to find out major variables that discriminated the clusters, generated out of cluster analysis, and the characteristics of shoppers and stores. The authors found CART to be useful as it allowed the response pattern between the dependent (target) variable and the independent variables to be different for different subset of data. The study found that the orientation of the Indian shoppers was increasingly being influenced by the entertainment derived out of shopping. The analysis indicated that the Indian shoppers sought emotional value more than the functional value of shopping.

Baker et al (2002) provided a good review and categorized the elements of in-store atmosphere into physical features like design, lighting, and layout, ambient features like music and smell, and social features like type of clientele, employee availability and friendliness. They noted that atmosphere can affect consumers’ perceptions of the economic and psychological costs of shopping in a store and found that pleasing physical design lowers both economic and psychological cost while music lowers the latter.

According to Birtwistle and Shearer (2001) developing a strong, positive image has become essential to the maintenance of sustained competitive advantage. This paper discusses the effect of store image on store choice in fashion retailing and analyses the responses from customers of multiple fashion retailers selling women’s wear clothing and explores the principal dimensions involved in customer perception of store image, and highlights the implications of understanding store attributes.

PopKowski et al (2000) in their study stressed upon the need to increase market share and being able to position themselves well retailers use various strategies. The study indicated that store choice was a dynamic decision and could be conceptualized
as a problem of deciding when and where to shop. The first critical decision being the traditional store location choice problem, which seems to be more approachable because of proximity as a result of association over years and the second the shopping trip incidence problem relating to the timing of shopping trips. The two decision processes were correlated.

Clarke et al (1997)\(^7\) in their paper stressed upon the strategic importance of location in the retail sector in the dynamic environment. The field of retail location has been explored for many years by academics from diverse disciplines, although by far the largest contributions have come, unsurprisingly, from geographers. The marketing literature considers the concept of “place” rather than location per se, and it is dealt with as one of a number of interrelated elements which marketing management addresses.

Stephen and Cindy (1997)\(^8\) in their paper discussed about the inextricable link between brand image and retail image. The research investigated the influence of the presence of an anchor brand and the number of recognizable name brands carried by a store on buyers’ perceptions of retail image. A model was presented that depicts the proposed relationships. The study was conducted using brands associated with the apparel industry to investigate the hypothesized paths in the model. The findings suggested that the brand image influences the choice of customers and retailers can attract them better if marketing activities aim at enhancing and building this image.

Williams et al (1997)\(^9\) in order to gain additional insight into how best to market products to the baby buster generation, examined the potential effectiveness of discount stores using dual-gender positioning (using both male-directed and female-directed marketing appeals) in marketing to members of the baby buster’s generation. The study used a 22-item survey instrument to study the buying habits of baby boomers. The statistical analysis with the help of T-tests was done to examine mean differences between male and female respondents on each of the 22 questionnaire items. In a second procedure, the data was factor analysed using principal components analysis. Separate factor analyses were performed, for each gender group. Finally the authors’ compared the factor results for both gender groups in order to identify both similarities and differences between the two groups. The results from the study strongly suggested that significant differences in discount store selection factors did exist between male and female members of the baby buster’s generation. In general,
the results suggested that female members of the group place a significantly higher level of importance than male members on a majority of the selection factors. In addition, the factor analyses results detected some differences in the specific survey items that comprise each of the factors. On the basis of the T-test results, the research suggested that dual-gender positioning by discount stores may not be as effective as the more traditional female-oriented focus. And therefore the authors felt that an alternative positioning strategy should be used.

Schiffman et al (1977) with a study on department stores reached the significant conclusion that attributes influencing department store choice were different from those involved in choosing specialty stores. They focused on the description of image existing in the competing types of retailers and explained the store image attributes made an important role in the choice of store type. The study suggested that identifying attributes that play an important role and how many of these attributes a consumer would use in forming attitudes toward store was highly contextual, and it differed considerably by store type. Therefore the type of retail store influences the store choice attributes.

Dash et al (1976) in a study of store choice behaviour among audio equipment shoppers found that the level of pre-purchase information regarding the brand determined the type of store chosen. Shoppers who had higher levels of pre-purchase information generally shopped at the specialty store, whereas shoppers with low pre-purchase information bought at departmental stores. This is mainly attributed to customers adopting a risk reduction policy with regard to their impending purchase. A store is chosen based on the self-confidence that the customer have regarding the store; about the nature and quality of product and service he will receive. The importance placed on the customer’s familiarity with the store will depend upon the perceived risk in making an erroneous purchase and the importance of the product category to the shopper.

Lindquist (1974) described store choice as a combination of tangible and intangible factors that reflect consumer attitudes towards individual stores. His approach is attribute based which insists that store choice behaviour is influenced by both cognitive and emotional factors. These include merchandise, service, clientele, physical facilities, convenience, promotion, store atmosphere, institutional factors and
post transaction satisfaction. Lindquist’s multi attribute model has been used by several studies to understand customer behaviour.

**Hisrich et al (1972)** studied the store choice problem using the framework of diffusion of innovation propounded by Cunningham. This application of Cunningham’s model highlighted that the perceived risk attached to the product is also transferred to the store and such transfer is more likely for product categories that are not dominated by strong brands.

**Perry and Norton (1970)** adapted an earlier model to store choice. They suggested that while it is useful to have a general model of store choice, it is more important to identify the determinant attributes, in the evaluation process, which influence the consumer to choose one store over another.

The multi-attribute attitude model was developed in social psychology by Rosenberg (1956) and Fishbein (1963) to evaluate the relative importance of product attributes against a consumer’s attitudinal preference. **Myers and Alpert’s (1968)** gave a determinant attribute theory conceptualised the evaluation and store choice stage of the individual consumer decision making process. The determinant attribute approach clearly separated the two factors of importance and difference when evaluating a service or store. While many attributes were considered important to the customer, there will only be one or a few important factors which are perceived to be different across pharmacy channels. These factors were called determinant attributes and were the influential factors in a consumer selecting and preferring one channel over another. The determinant attribute approach has been a research method commonly used in marketing to identify the wants of various consumer groups.

**Martineau (1958)** was among the first researcher to describe store image as the way in which the store is defined in the shopper’s mind, partly by its functional qualities and partly by an aura of psychological attributes. The more favourable the image, the more likely it is that consumer would shop and buy at the store. The store image researchers have conceptualised image to include store attribute which help in formulation of store image. As a result store image leads to store selection. A favourable image has a positive impact and negative vice versa.
2.4 STRATEGY

2.4.1 Introduction

The retail business environment is constantly changing and new challenges are emerging for the players. To excel in the retail environment, the retailers need to understand the consumer choices and cater to their specific needs. In the following section are presented the various studies which have been undertaken related to the area of strategy. The general business environment is plagued by constant changes and challenges to stay ahead in the competition. Strategy formulation helps firms to build competitive advantage for themselves and thus increasing their chances of survival and growth. The following part of the chapter reviews the major literature in the field of strategy. The literature highlights show different research models have been used to better understand the field of strategy.

McColl and Moore (2011) in their study “An exploration of fashion retailer own brand strategies” aimed for a deeper understanding of the centrality of the own brand to fashion retailer brand strategy. The research involved six in depth interviews with large scale fashion retailers from a sample of the twenty largest and most successful fashions retailers in the UK. The study was exploratory and as such was limited to the experiences of six fashion retailers. It was, however, part of a larger empirical study. The results of the research suggested that the own brand is a strategic tool for fashion retailers in the portrayal and control of the corporate brand within the market. The motives for own brand creation highlighted within the study were clearly those of control, competitive advantage and ultimately profit. Own brands differentiated fashion retailers in a highly competitive market and were acknowledged to be the means by which fashion retailers could, in operational terms, control not only the supply chain, but also the portrayal of the brand through advertising, design, merchandise and store image offering opportunities for expansion. That level of control allowed fashion retailers to react more quickly to market developments.

Li et al (2010) in their study stated a question that does every successful retail store possesses a positioning point? In the empirical research study on large scale retail enterprises the authors explored these positioning related issues. The data was collected related to how market positioning was perceived by customers, rather than the positioning points in the company’s design. Top 20 large scale supermarket
enterprises, were used for study. A ten factor model was developed and was found to best to fit the index. It was found that six of the eight enterprises possess a consumer perceived marketing positioning points and five possess obvious secondary ones. The study found that main positioning point being used by Wal Mart was shopping environment i.e. spaciousness and placement, and the secondary positioning points were display and quality of commodity. The main positioning point of Auchan was price perception, and the secondary was shopping convenience: RT- Mart’s main positioning point was store policy and secondary was low price: Metros’ main positioning policies were diversity and display of commodity and the secondary was shopping environment, checkout process, refundable and exchangeable and after sales service. Ito-Yokado’s main positioning point was service with the representation of personnel service and checkout process. And the third was store facilities. Main positioning point of Jusco was personnel service and secondary positioning lied on store facilities. Carrefour nor Tesco has no properties ranking top, so the authors suggested that they do not have any positioning point. The other 12 enterprises had no clear positioning points. The authors suggested that it would be best to have two positioning points, one as the main one, and the other as the secondary one. The study concluded that only commodity, price, service, and shopping environment could be positioning points. Implying that only the benefits which were recognised by the consumers’ could be used as positioning points as they could catch his attention.

Salavou (2010)51 empirically examined different types of service firms, understanding their strategy orientations and the performance of different emphases. This study contributed to the research on generic strategies. The scope of this study was to first classify service firms according to strategy dimensions and second to identify differences in performance outcomes. The first finding of the study was that the hybrid form of competitive advantage denoting high emphasis at least on low cost was the prevailing and best-performing strategic choice for service firms. Therefore, the study found that a more involved strategic profile supporting main concern on low-cost elements might be for any Greek firm a powerful protection shield from established giants as well as a means to improve performance outcomes. Second, managers of Greek firms that were having no strategy i.e. non-strategists were recommended to switch to any other strategic alternative. Also, some emphasis on strategy i.e. confused strategists resulted in higher performance than no emphasis i.e.
non-strategists was discovered. Thirdly the author suggested that the managers running Greek firms should approach the argument for strategic purity, which is applicable to other countries, with extreme caution.

Tromso and Gronhaug (2010)\textsuperscript{52}, in their paper investigated Chinese food retailers’ positioning strategies. The emphasis was on retail segments and a critical factor related to the nature of the food supplier relationships. And if this can be influenced by the positioning strategies was investigated. The study covered the gap in the literature by profiling food retailers using identical retail mix measures to position their food retail outlet. The study identified the similarities and differences between the food retail outlet segments and provided guidelines for food suppliers’ retail-strategy formulation. The data for this study was collected in two stages, by means of observation and survey. The data from the two data collection methods were combined in the analyses. Cluster analysis was used to develop the positioning strategy segments. The initial Ward’s cluster analysis suggested between two and four clusters based on the agglomeration coefficients. The research investigated the positioning strategies and the influencing effect on the retailers’ buying behaviour in an important future market for suppliers and marketers of food products. The findings showed that Chinese retailers can be clustered in three groups, i.e. down market, middle-range, and up-market stores. The study initially looked at a three-group solution, the detailed description of the retail mix activities used as a segmentation base. The profiling of the segments was done to provide food suppliers with specific knowledge of the retailers’ positioning strategies. Second, the findings also showed how different positioning strategies consequently influence the retailers’ buying behavior. Knowledge of the retailers’ buying behaviour was paramount for developing effective marketing strategies in order to become a successful food supplier to the chosen segment of retailers. This study was one of the first attempts to derive Chinese food retail segments and profile them according to retail buying behaviour. The study offered some promising features for future studies of positioning strategies and its antecedents by combining observational research (i.e. expert assessments) and survey research.

Whyatt and Koschek (2010)\textsuperscript{53}, explored how supermarkets select and implement relationship strategies and seek value from that investment. The interviews were designed to assess how much the supermarkets actively encouraged their customers to
move up the loyalty ladder and to compare their nascent retail relationship marketing mix with activities and priorities of their marketing strategies. The data collected was analysed using theoretical framework that focused on loyalty. The study found that the supermarkets did have commitment to a quality experience and building of trust between both parties and the exchange of information between them. They found them to be key features of RM strategy. Although all the seven supermarkets in two European countries claimed to have built upon long term relationship with customers, they had no mechanism for measuring the success of investments in RM. All of them responded that no quantifiable customer loyalty strategy was in place except one retailer who was using customer retention as a measure for customer loyalty and acknowledged the benefits of measuring the intangible attitudinal aspects of loyalty as part of RM approach. The paper presented a set of guidelines for companies on how to select and implement appropriate RM strategies as customer satisfaction lead to loyalty; however the challenge was to understand how to manage RM in cost effective way.

Chiliya et al (2009) in their study argued that a complete “paradigm shift” in the grocery shop business sector was necessary. The authors suggested that the shift would result in interventions which would improve the quality of strategic marketing decisions and consequently profitability of the grocery shops. The researchers visited grocery shops owned by black individuals in Mdantsane, East London and administered questionnaires to the shop owners/managers. The questionnaire was pre-tested amongst five of the respondents identified in the sample to ensure reliability and validity. The researchers used statistical techniques of inference to test the hypotheses that were primarily based on the software package MINITAB Release 14. The study revealed that retailers in Mdantsane, regarded price as the most important aspect when applying the marketing strategy mix. That meant that retailers, in Mdantsane, competed primarily based on price, but according to the study findings, the retailers in Mdantsane needed to adopt the other 3 Ps of the marketing strategy, namely product, place and packaging in order to be more profitable.

Maringe (2009) in his paper briefed upon key theoretical issues, rationales and strategies associated with internationalisation in universities from existing literature in order to create a baseline of understanding about the subject and set a platform and justification for the study. The researcher used a combination of survey, focus groups,
face-to-face interviews and document analysis to obtain data. The study found that research led universities were more internally driven towards internationalisation while externally imposed forces seemed to be the key drivers in both other sectors. The key benefits associated with internationalisation in former Higher Education institutes were international student’s recruitment, increasing the funding base and becoming competitive. There was a continuum of perceived benefits ranging from typically instrumental to more intrinsic affordances identified. Internationalisation of the universities had become a substantial although unclear aspect of UK higher education system. Different institutions reflected substantially different levels of conceptualization of the idea ranging from an instrumental understanding to one deeply rooted in beliefs about being substantial players in the global world of ideas, economic and socio cultural development.

Healy et al (2008) were able to provide valuable insights to marketing researchers with a practical guide for researching experiential retail strategies. The authors wanted to identify the nature of the retail experience in order to build a case for greater use of ethnography in retail experience. The study also explained how researchers could use ethnography to ‘capture the right experience’ as they highlighted the benefits of ethnography over traditional qualitative techniques (i.e. focus groups); discussed how practitioners could use ethnography to determine their experiential capabilities; provided a ‘practitioner’s toolkit’ of mixed methods that could be combined to capture data from the holistic retail setting. The study highlighted the benefits, limitations and implications of each method and also explained how to analyse and interpret data thus generated. The study taught how to think ethnographically with methods for analysis and interpretation of qualitative data; the authors outlined the methods for maintaining objectivity and quality of qualitative output. The authors insisted that marketers need to ascertain how retail experience strategies impact the customer in-store and post-purchase activities. Such as brand relationships, product usage, retail navigation and in-store communications. The study provided a guide for developing a managerial summary that would help researchers inform managers of their experiential position.

Jonsson and Devonish (2008) in their study attempted to identify similarities and differences in competitive strategies being pursued among hotels in Barbados, a small developing island state in the Caribbean. The study examined differences in the extent
to which various competitive strategies were applied across a variety of organisational demographics. The results of the study indicated that the accommodation sector in Barbados acknowledged the difference of being different through providing above average service and quality, over the need to remain cost competitive. The hoteliers were trying to focus on competition through innovation, supported by differentiation strategies which are more important than price competition no matter what target market is.

Vyas and Sinha’s (2008) paper was exploratory in nature and provided a conceptual overview of Loyalty in organised retail sector, outlined practices of grocery retail outlets in Ahmedabad, the largest city in the state of Gujarat and the seventh-largest urban agglomeration in India, with a population of 5.6 million. The study also was able to highlight consumer expectations, perceptions and problems faced through in-depth exploration. The study suggested that managers need to exploit potential for segmentation within loyalty program, the strength and drivers of differences among segments. The authors suggested that a careful basket analysis and matching purchases with other demographic and psychographic data may produce different segments which can be catered differently. The differences among these segments can be acknowledged and strategies formulated accordingly. The retailers can develop varied reward structure most appealing to these segments.

Sim and Pandian (2007) in their paper presented a comparative empirical research and examined the internationalisation characteristics and strategies of emerging Asian firms. A case study approach was used for the study which was exploratory in nature. The data was primarily drawn from field interviews with the CEOs or top executives responsible for the international operations of the firm at the home country in Taiwan and Malaysia. The study used Multinational enterprises from two countries at different levels of development. There was limited empirical research on the internationalisation processes, strategies and operations of Asian multinational enterprises from countries at different levels of development. The paper examined and analysed the internationalisation strategies and characteristics of Asian MNEs within the investment development path (IDP) perspective. Primary data was drawn from matched case studies of emerging MNEs from Taiwan which is a newly industrialising country and Malaysia which is a fast developing country in the textile and electronics industries. Differences between Taiwanese and Malaysian case firms
were identified. In general, the Taiwanese firms were more internationalised at stage 3 than the Malaysian firms at stage 2. They had more developed and elaborate production networks and greater ODM/OBM (own brand manufacturing) participation than the Malaysian firms.

Lee and Trim (2006) in their study show why retail marketing strategists and planners need to develop long-term relationships capable of building business partnerships based on mutual trust. A successful retailing strategy will be embedded within a customer-driven general business strategy. Marketing managers should plan to develop and sustain long-term trust-based working relationships, which take into account organizational and national values.

The paper by White and Absher (2005) can teach a lot to retailers entering the Indian market. In this paper an empirical examination of the similarities and differences in the retail store decision criteria between customers in founder member states of the European Union and customers in Central and Eastern European CEE accession member states in this area. Enlargement of the EU will create an exceptional opportunity for retail industry market growth and development. Companies such as Tesco (UK), Kaufland (Germany) and Metro (Germany) are set to transform the face of retailing. Based on the literature review they speculate that significant differences will exist between these two major customer groups and that retailers would be wise to give up a standardized retail mix in favor of strategies more precisely adapted to individual national markets. This study provides further support for the notion that retailing strategies for one country cannot be effectively extended to other countries without adaptation.

Gilbert and Sumner (2004) in their research investigate current marketing practices used by retail companies in the UK and explore their correlation across four different retail sectors. Random samples of companies from the grocery and convenience, specialist audio-photographic and IT, retail banking and financial services, and, the optical, health, hair and beauty services sectors were used. Across all sectors, respondents feel that their company’s marketing practices are changing to become increasingly focused on a relationship with the customer.

Werner et al (2004) wrote that many industries have been hit hard by the recent recession, but none more so than the retail sector but companies such as Staples, Bed Bath & Beyond and Office Depot have consistently posted top-quartile earnings
growth compared to their peers. From the research and client experience the authors felt that to excel in today’s highly saturated retail markets, companies need to abandon geographic expansionism and initiate new management strategies based on profit-driven product selection and customer targeting to maximize profits.

Elg (2003)64 in his study provides an in-depth understanding of market orientation in retailing and identifies the specific activities that have to be understood and managed in order for a retail firm to become market oriented. Qualitative studies of six firms ranking among the top ones in Sweden, Italy and the UK were carried out. The research showed that retailers deal with at least three distinct market orientation processes that concern different levels within the organization.

Paul and Byrom (2003)65 tied to embark upon the operational issues in retailing with the help of the literature relating to retail operations and improvement. The study identifies five core issues in retailing operations. It was plainly evident that customer attraction, retention and satisfaction are imperative to the survival and success of a retailer.

Soars (2003)66 found that retailers often overlook the positive contribution psychology could make to their success. The research paper was to highlight some psychology based rationale behind shopper actions in store and reveal how attention to these aspects could provide a win situation for both the retail sector and the shopper. The study explored a wide area related to the role of conceptual categorisation, the theory of queuing, how orientation metaphors could be used as locational cues, the reasoning behind how shoppers fluctuate between demand / mood and script / routine shopping, how colour, music, aromas can influence mood and choices, shoppers psyche plus classic retailers faux pas. The study found that people were making more shopping trips and spending less time in each store. Most purchase decisions were being made at the point of sale. Therefore, it would make a lot of sense for retailers to spend more on below the line and through the line strategies. As most of the consumer behaviour was carried out in sub conscious mode, customers were unable to explain their purchase decisions and hence a different measure of behaviour was required. The author felt that by using a combination of brain imaging and eye scanning technologies, the desired insight could be used easily to understand consumers. The study pointed out that it was a challenge for retailers to create an environment where the shoppers perceived a one to one relationship with the store, to
develop systems which would optimise the shoppers time, and to deliver an experience the shopper would want to repeat. By addressing these areas of challenge, the win for the consumer would save on time, the retailer will have more loyal customers and for the brand an upliftment in the sales.

Knee (2002) identified five challenges for retailing in the future. These are retail branding, people, growth, customer-centeredness, and performance and measurement. Each challenge is briefly from an unusual perspective, mixing management theories and cases. These challenges constitute strategic choices for retailers and each has specific operational challenges.

Newman et al (2002) argued that research which focused on the importance of understanding walking patterns in retail stores is an integral part of understanding consumer behavior. They stressed upon the importance of understanding by a retailer that how people receive and interpret messages in relation to retail purchases. The retailers should also understand how store layout affects the behavior so that accordingly retail store layout can be positively made to influence the in store purchase behavior. According to the research there was existence of association between store layout and walking patterns of consumers and the layout could affect the duration of the consumers’ experience in-store and the number of products they are exposed to. Their study stated that the consumer is either attracted or repelled by the shopping environment and/or merchandise. The study provided insights into retail space and format planning by observing customers behavior and tracking customer data.

Turley and Chebat (2002) explored the gap in retail strategy by focusing on the managerial dimensions of store atmosphere by linking retail strategies and atmospheric design with consumer behaviour and issues. The study stressed on the necessity for retail managers to have specific goals for the atmosphere in mind before creating a store design as the retail environment is capable of eliciting a wide range of behaviours from consumers. The study found that retail managers have adopted many of the branding philosophies from goods marketing and have realised that the store environment is similar to a package in that it surrounds the product or products which are for sale. For many larger retail organisations, the design of a store atmosphere actually involves a number of people at several stages.
Omholt (2002)70 in his work proposed that an approach based on a socio-cybernetic framework and the development of several types of communicative competences, may be effective way for the development of competitive advantage for a retail centre. The study first considered a structuralists interpretation of the retail responses to the Asian economic crisis, and then showed that these are examples of a more general approach to strategic management of retail centers prevailing in most developed countries today. The research studied and mapped current models of strategic management of retail centers. The study found that most retail centers, if not all, do not base their activities on any explicit strategy at all, except for some rudimentary calculations and market considerations. It was suggested that strategic management was basically a process of finding a suitable location, making a rude estimation of the market potential and sees if additional sales area could be justified, given the existing state of competition, and, finally, whether there would be enough tenants to pay the rent needed to recover the estimated development costs. Local development was often interpreted as an inevitable adaptation to new retail formats introduced by foreign multiples. The author felt that, if strategic management, based on a dynamic capability framework, was to have any meaning, strategic managers must be more than just locally-based imitators. The author tried to show that an approach based on a socio-cybernetic framework and the development of several types of communicative competences, may function as an effective approach for the development of a competitive advantage for a retail centre.

Ahmad and Buttle (2001)71 in their paper studied the subject of `customer retention` and suggested that it should be integrated into the strategic marketing planning processes of firms. The authors discussed potential strategies that can be used to retain customers. The study agreed to the fact that `one size does not benefit all` and the situation of a firm could be an important determinant of the timeliness and appropriateness of particular potential strategies. The key issues pertaining to customer retention management, namely its definition, forms of measure, benefits and potential strategies for application were explored. It used examples from a variety of contexts. The study proposed that customer retention should be part of the strategic marketing planning process. Customer retention was identified as a potentially potent marketing management strategy which has the potential for delivering substantial benefits to firms in terms of long-term profitability. The economic benefit was
justified in terms of enhancing Life Time Value. Firms also enjoyed non-economic benefits from enhanced customer trust, commitment and cooperation. The study concluded by conceptualising a framework which would help firms in determining between their business situations in terms of their products and markets and potential strategies for retaining their customers. This was done by identifying the implications of the arguments to practitioners and theorists. The authors suggested that it was appropriate for practitioners to move beyond gaining a larger market share, satisfying market segments and developing brand preference in order to secure lasting customer patronage and profitability.

Campbell (2000) in his study discovered how managers operationalised the strategies of cost and differentiation. He supported Porters strategies in the competitive dimensions of cost and differentiation. The author on the basis of cluster analysis, which was done on the results from many different studies found six cluster or Meta designs of competitive strategy. The findings reflected that cluster of innovation and operations leadership emphasized high prices, new products, specialty products, manufacturing innovation and operating efficiency. The cost economy cluster or economy cluster gained economics through advertising, low prices and new products. The focused quality economy cluster gained economies through reputation, low prices, product quality, service quality, product focus and customer focus. The sales leadership cluster focused on promotion, sales force, and service quality as well as product and customer breadth. The final cluster of focused quality leadership emphasized high prices and product and service quality. It gained economies through a product and customer focus. The researcher was not able to find any evidence to support that any generic competitive strategy was more profitable than any other. This included the stuck in the middle strategies which the study found to be just as profitable as any other strategy, the study advocated that instead of labeling this strategy as stuck in the middle it should be labeled as an all rounder strategy. The paper concluded that only Meta design showed significantly above average levels of performance, those firms following a strategy of innovation and operations leadership had higher than average odds superior financial performance.

Egan (2000) insist that retailing, at first sight, appears to be an industry suitable for the exploitation of relational strategies. There are evident differences of opinion regarding the merits of RM strategies in at least part of the retail sector. The
difference of opinion may be because of assumptions made as to which variables contribute to a company’s success or failure and, subsequently, which drivers best promote “relational” strategies.

Sarma (2000)\textsuperscript{74} in his study insists that the Indian retailing, though enjoys many unique features, is still done in a primitive way. Barring a few exceptions, Indian retailers, particularly FMCG retailers, are not in a position to implement world class practices of supply chain management. The concepts of Quick Response or Efficient Consumer Response are unheard of in Indian retailing. The two bases of modern retailing management, the Electronic Data Interface and a mutually respectable partnership among retailers and suppliers (the manufacturers) are missing to a great extent in Indian context.

Vida (2000)\textsuperscript{75} uses the results of a mail survey of a cross section of US retailers using criterion based sampling method to gain insights into international expansion of US retailers and their strategic thrusts. The findings indicate that important drivers of the retail internationalization process are related to four distinct retailer characteristics, i.e. retail-specific advantages, dimensional factors, and to international market orientation of companies and their strategic management teams.

Ellram et al (1999)\textsuperscript{76} insist that recent trend in retailing, such as increased competition and the threat of takeovers have created pressure on retailers to improve both inventory turnover and customer service. This paper explores the way in which retailers are using logistics to respond to these challenges and it examines current and future customer service expectations among retailers. Second, it explores the role of improved inventory control and the supply chain management concept on customer service and retail logistics operations.

Miller et al (1999)\textsuperscript{77} in their paper wrote that discount retailers and "category killers" are believed to be so detrimental to the existing retail environment that many communities have fought their entry through zoning and other regulations. However, the authors suggested that the patterns of competition among different types of retailers are more complex than previously believed. To understand this complexity better, they explored the cross-sectional relationship of competition and retail structure for different types of retailers.
Taking into account the significant changes experienced by the commercial sector in the countries of Southern Europe and the scarcity of studies that concentrated on the area of the Continent, the objective of the paper by Flavián and Polo (1998)\textsuperscript{78} was to analyse the main strategic positioning alternatives that had been adopted by the Spanish large-scale retail food firms which employed the hypermarket and supermarket commercial formulas or formats. The paper concentrated on study of strategic groups applied to the largest firms operating in the Spanish retail food sector. The study was carried out using a sample of 71 firms from the Spanish retail food sector. In general, from the results of the empirical work it was concluded that, despite the rapid process of evolution to which the retail food sector had been subjected, with the continuous substitution of the more traditional commercial formulas for those of more recent origin, the number of strategic profiles that could be identified remained stable during the period under study. Therefore, it appeared that the changes produced in this sector were more quantitative than qualitative; it was the changes to the relative participation in the already existing different commercial formulas, rather than the appearance of distinct alternative strategies, that could be noted.

Dunne and Kahn (1997)\textsuperscript{79} think that the failure to understand the mistakes of the past is causing many US retailers, with their "narrow areas of expertise, not to commit sufficient resources to monitoring how changes in the demographic, technological, political, and economic environments have affected and will continue to affect their businesses. The paper address some of these changing trends in the retailing, consumer, and regulatory sectors and their impact on retailing in the USA.

Lewison (1997)\textsuperscript{80} described three elements associated with retail strategies. The first one identified in the study was choosing a retail format, second targeting a specific group of consumers and finally arriving at a defensible competitive advantage. The choice of retail format as in the study involved choosing from among a number of operating and merchandising tactics. The author suggested that retail store can have competitive advantage as a superior or unique aspect associated with the retailer which is capable of delivering need satisfaction to the intended target market. The study found that few chains seemed to be using the store environment as a method for creating a differential advantage in the marketplace.
Dawes and Sharp (1996)\textsuperscript{81} in their paper reanalysed published works where empirically derived strategy clusters were identified using multivariate mapping technique of correspondence analysis. The study was able to provide further insights into the relationship between variables under study by allowing the distance between variables to be seen. In the study, the technique showed how close or distant various business strategies being used were to one another. The area was of interest as use of similar strategies has earlier resulted in difference performance level. The implications discovered in the study were that either minor difference in strategy is extremely important; or observed factors were influencing the results. The paper concluded that well known generic strategy typology was of little use in interpretation of the clusters.

McDowell (1994)\textsuperscript{82} presented a topology of strategic choice in retailing as one way of organizing and simplifying the multitude of options facing retailers. In this topology choices were presented in four directions: internal, horizontal, vertical and migrational. A topology can stimulate new ideas and helps the retailers to think and act strategically. Mapping the options helps in identifying areas of conflict or overlap, and can locate possible sources of synergy.

Segal and Giacobbe (1994)\textsuperscript{83} did a study to suggest, apply and empirically validate a numerical procedure for retail market segmentation and competitive market analysis which may be applicable internationally in the western hemisphere. The study recommended an approach to develop jointly homogeneous sets of retail market segments and perform an analysis of competition from which target markets may be selected and strategic positioning efforts can be developed and pursued.

The study by Kawahara and Speece (1994)\textsuperscript{84} focused on strategies that were being used by Japanese supermarkets in Hong Kong. It had been seen that the strategies of Japanese supermarkets in Hong Kong were closely tied to the overall strategies of their parent department store. In comparison to the local supermarkets in Hong Kong, Japanese stores were all pursuing some form of mainly quality oriented strategy. Within the Japanese stores, supermarkets which belonged to GMS type department stores were aiming at a mass market of middle class consumers. Those belonging to traditional type department stores target Japanese expatriates and local up-scale Chinese who like foreign products. These supermarkets had taken advantage of the growing prosperity of Hong Kong. They had understood that a big and ever growing
population wanted quality and service, although many local stores still believed that customers were in the past and still were price conscious. These strategies helped Japanese supermarkets become very strongly established. The study with the sample of 236, taken from five locations in Hong Kong showed that consumers rated Japanese department stores significantly (p<0.001) and substantially better than local department stores on 11 attributes included in the survey. These attributes measured such things as store and product fissionability, the quality of sales service, product and brand assortment, and product quality. However, Japanese stores were perceived to be more expensive than local department stores.

Helms et al (1992) in their research paper investigate the relationship between competitive strategies and business performance in the retailing industry and provide an empirical investigation of strategic approaches to competitive success adopted by various groups of retailers. Findings indicate that, both in terms of financial performance and operating performance, the group of retailers employing a combination of low-cost/ differentiation strategy to attain competitive advantage outperform those using a singular strategic approach.

Woodside et al (1992) captured the concept of positioning of stores in marketing literature by This study found that shoppers looked for and developed “hot buttons” that help in choosing among stores. The shoppers could quickly name the store that provided them with these buttons, such as most convenient or lowest prices, hence reducing the cognitive dimension in the decision problem. Therefore, while positioning their retail store all these factors and their influence should be kept in view.

Hawes and Crittenden (1984) in their research focused on a taxonomic analysis of the limited domain of competitive retailing strategies employed by U.S. supermarket chains for generic brand grocery products. Using cluster analysis, an empirically derived taxonomy was developed, and the characteristics of firms in each of the four strategic groups were examined. By recognizing and analyzing the characteristics of each of the four types of retailing strategy employed for generic grocery products, firms can improve their understanding of competitive behavior in this market.

Ghosh and Craig (1983) contend that to design successful strategies retailers must take into account not only the marketing environment confronting them today but also anticipate possible competitive and demographic changes For example, changes in
economic conditions, preferences, lifestyles and demography all affect the firm's future profitability. This paper presented a procedure to help retailers formulate a strategic location plan in a dynamic environment.

2.5 SERVICE QUALITY

2.5.1 Introduction

Increasingly the retail service quality is an area which has been emerging as a strategy for creating competitive advantage (Berry, 1996; Hummel and Savitt, 1988; Reichfield and Sasser, 1990). As the Indian retail environment is undergoing major changes, the competition is increasing and so are the demands and expectations of the new customers. Therefore, the area of retail service quality has emerged as the cornerstone of retail strategy. The following section explores the research work carried out by various researchers in the field of service quality. The literature highlights the development of different models of service quality. There have been several studies related to their applicability of these models in different sectors as well as different researchers have also tried to study the satisfaction level of customers related to different services. Several studies show that the models are able to well predict the satisfaction and behaviour of customers and thus can be used as an effective tool by the managers in evaluating the quality of their services.

Torlak et al (2010) in their paper determined the difference between service quality dimensions of supermarkets and discount stores. In order to determine the service quality dimensions of supermarkets and discount stores RSQS scale (1996) was used. The scale was first translated to Turkish and back again to English. The research was conducted in two different types of retailers and questionnaires were directed to randomly chosen consumers making purchases in Eskisehir, Turkey. The study results indicated a different ordering of service quality dimensions in comparison to the original scale. According to the findings, Turkish consumers gave more importance to interaction with personnel than to physical aspects. The t-test was applied to measure the differences in consumer perceptions for service quality dimensions in both stores. When compared with supermarket customers, discount store customers had higher perception levels for interaction with personnel and lower perception level for physical aspects and store policy. Since discount store customers gave more priority
to price over shopping entertainment and hedonism, they had lower level perceptions about physical aspects and store policies. The research had found that the number and order of service quality dimensions in Turkish context had some differences from the findings of other studies. The study found that according to Turkish consumer perceptions, the service quality dimensions can be categorised as: personnel interaction, reliability, physical aspects, and store policies. The results indicated that service quality dimensions of supermarkets and discount stores were perceived differently in different cultures and hence the scales used to study service quality should be carefully used.

Yavas and Babakus (2009) in their study wanted to determine if various measures of loyalty i.e. satisfaction, continued patronage and share of wallet converge or diverge. A correlated objective of the study was to examine the relative efficacies of merchandise quality, interaction quality, and price and store environment in inducing store loyalty for two customer segments of a national automotive parts and accessories retailer in the USA. The two segments were the do-it-yourself customers and the professional customers. The study was based on data collected via mail questionnaires from the customers of a national automotive parts and accessories retailer which operated more than 3,000 stores across 30 states throughout all regions of the USA. A total of 90,000 target respondents who had made cash or credit purchases from the retailer were randomly selected from the retailer's customer database. Correlation analysis was performed between the loyalty measures for the overall sample as well as for each customer segment to find that whether different loyalty measures converged or diverged and if it varied by customer typology. The results of the study showed that overall there was a very high degree of similarity between the do-it-yourself customers and the professional customers.

Sum and Hui (2009) investigated which dimension of salespersons' service quality was of most importance for customer loyalty in a fashion chain stores setting. The study assessed the impact of two retail environmental factors (price level and customers' demographic variables) on the customer loyalty of salespersons service quality. The authors chose 23 fashion chain stores randomly in four shopping districts in Hong Kong. The study used the SERVQUAL service quality instrument with modification in measuring the salespersons' service quality in the Hong Kong fashion retail environment. In order to measure customer loyalty in fashion chain stores,
multi-item measures were used to collect data on repatronage intentions, word-of-mouth intentions, and satisfaction. For evaluating the effects of two retail environmental factors on salespersons service quality to customer loyalty, one-way ANOVA and independent sample t-test were carried out. The finding were that the salespersons service quality in empathy dimension had highest impact on customer loyalty in Hong Kong's fashion chain stores and tangible dimension had lowest impact on customer loyalty in Hong Kong's fashion chain stores. Although empathy dimension of sales services quality played a crucial predictor of customer loyalty in Hong Kong's fashion chain stores, this dimension was not significantly impacted by pricing level and customers' demographic variables. However, reliability dimension significantly affected the customer loyalty in fashion chain stores in various customers' demographic characters. The results also found that the salespersons service quality in all dimension had no effect on various price level set by fashion retailers.

Bougoure and Lee (2009) attempted to determine consumer perceptions of service quality in wet markets and supermarkets in Hong Kong in their study. The questionnaire was designed and administered via a convenience sampling method. The 16-item SERVQUAL-P model by was adopted to tap the dimensions of service quality. All items were measured using five-point Likert scales and the data analysis was conducted in two steps. The data was subjected to preliminary analysis, which involved examining respondent’s profiles and conducting both exploratory factor analysis (EFA) and reliability testing via Cronbach's alpha. Following preliminary testing of the data, independent samples t-tests were conducted to test the study's hypotheses. Independent samples t-tests were conducted to examine whether customers of wet markets and supermarkets perceived differences in service quality between the two retail types (150 responded to items on supermarkets, 150 responded to items on wet markets). The results showed that the supermarkets were perceived by customers as being more reliable than wet markets, more responsive, offering better tangibles and greater levels of personalization.

Stanworth (2009) attempted to identify distinguishing attributes of (dis)satisfying service contacts in a Chinese cultural context. As the study was exploratory by nature, the researcher used the CIT, developed by Flanagan (2003). The approach involved collecting stories that were then subject to either content analysis or some form of...
grounded theory analysis. The approach had been widely used for service research and was also particularly suited to the study because authors felt that CIT was culturally neutral. The study was conducted as respondents (in Chinese) described both an experience which satisfied them as well an incident that dissatisfied them. The author’s kept in mind the profile of hypermarket shoppers used purposive snowball sampling to gather data from respondents. Initially, the researcher collected data from second year graduate students and their personal contacts with jobs. Further each respondent was then asked by the researcher to invite their parents and other contacts to participate in the study so that the sample was representative of the Taiwan population. A sample of 174 incidents remained after removal of those that did not seemed to fit the criteria. They were then split into 88 satisfying and 86 dissatisfying incidents. Findings revealed 17 determinants with 37 sub-determinants for all the experiences. Five determinants related to satisfactory evaluations, seven to dissatisfactory and a further five to both. These were described in the following five satisfiers: Chin Chieh, customer assistance, value, enthusiasm and saving shopping time; seven dissatisfiers: policy and procedure, store environment design, quality of product, friendly, access to staff, responsiveness and hard sell; and five critical: attentive, patient, respect, competent and queue time.

Ladhari (2008) identified and discussed the key conceptual and empirical issues that should be considered in the development of alternative industry-specific measurement scales of service quality (other than SERVQUAL). The paper presented a summary of 30 alternative industry-specific measures of service quality and utilised these to canvass several conceptual and empirical issues related to the development of such scales. The study revealed that although SERVQUAL had been criticised on theoretical grounds, only one scale in the present review (“INDSERV”) had been empirically shown to outperform SERVQUAL. Despite the widespread criticism of SERVQUAL, it was revealed in the study that the scale continued to be the most useful model for measuring service quality. The study identified deficiencies in some of the alternative service-quality measures; however, the identified deficiencies did not invalidate the essential usefulness of the scales.

Kaul (2007) in her study examined the Retail Service Quality Scale (RSQS) developed in the US for applicability in India. To test the proposed hierarchical model, by Dabholkar, Thorpe and Rentz (1996), the study subjected the four
component structure models to confirmatory factor analyses. The sample was selected from the city of Bangalore because it is among the first cities in India where large format retail stores were introduced and consequently has a greater degree of stability in consumer expectations as compared to other cities. Based on the reliability and validity results, it was concluded that overall service quality was a uni dimensional and that RSQS was fairly reliable in measuring a single construct. The research says that the Indian consumer does not distinguish between service attributes related to Reliability and Policy. An examination of the items indicated that the items in both the dimensions had a common characteristic — the store. All the items were found to be clearly the responsibility of the store management whether relating to the ‘store’ fulfilling its promises (a Reliability item) or relating to the ‘store’ offering quality merchandise (a Policy item).

Nhat and Hau (2007) in their study explored the components of retail service quality in the case of supermarkets in Vietnam by borrowing a framework of RSQS scale (1996). It also investigated the relationships between each of retail service quality components and customers’ overall evaluation of retail service quality in Vietnamese supermarket. Based on a qualitative exploratory study using in depth interviews, 28 items of RSQS were examined and revised. Respondents of the survey were Vietnamese shoppers. A convenient sampling was used at 4 biggest supermarkets in HCM city. Exploratory Factor Analysis was first applied to each of the 5 constructs to assess uni dimensionality. A joint Exploratory Factor Analysis was applied to all scales together to preliminarily assess convergent validity and discriminant validity after which multiple regressions was employed to test the model. The results provided statistical evidence to support hypotheses on the significantly positive impact of Service personnel, Physical aspect and Policy on the overall evaluation of service quality. On the other hand, the hypothesis on the positive impact of reliability on the overall evaluation of service quality was not supported by the empirical data in the study.

McKenzie (2006) presented the empirical findings of two qualitative studies of Estonian consumers and how they interpret and perceive retail service quality. The authors kept in mind interest of the study that was retail practice, and chose methods that focused on how the consumer or customer interpreted retail service. The two techniques were critical incident technique (CIT) and focus groups. There were a
number of findings from the two qualitative research methods. The CIT research focused on prompt and efficient service and its relationship to perceptions of positive retail service quality. The study found that the degree that the cited incidents identified and captured changed with the expectations of Estonian consumers to express their desire for open personal displays of regard by the retailer to the customer. It indicated a distinct change from the earlier Soviet period. With the help of focus group sessions evidence was found that with respect to physical aspects measures, the speed of shopping was offset in importance by ensuring shopper self sufficiency, and that having general product availability was more important than specific product availability. The findings stressed that Estonian consumers accepted a degree of responsibility in making product choices and would not expect the retailer to play a role in ensuring that occurs, but that there was also an expectation that the retailer would take responsibility for correcting problems that are within their control, and that those responsibilities should be formalized and communicated.

Wong and Sohal (2006) examined consumer perceptions related to shopping experience in a retail environment. The mall intercept technique was used on shoppers who were leaving a large chain departmental store in Victoria, Australia. Data was collected at eight different stores using a structured questionnaire with questions in a prearranged order. The study was conducted to provide insights into the effects of service quality. Post measurement purification, the path relationships within the relationship strength model were analyzed by structural equation modeling (SEM) using LISREL VIII. In the study LISREL VIII was used for data analysis as the proposed research model consisted of a simultaneous system of equations having latent constructs and multiple indicators. The findings suggested that service quality related factors such as being consistently courteous to customers, instilling confidence in customers, having the knowledge to answer customers' enquires, and having the ability to handle customer complaints assisted in the establishment of higher levels of trust. In addition, the study demonstrated that in order to establish and maintain long-term customer relationships, retail firms needed to focus on improving their level of service quality, especially in the provision of service quality factors relating to the caring and individualized attention that a service provider gave to customers. The study established an empirical association between service quality and relationship strength. The study emphasised elements of a customer-contact employee relationship.
that was particularly important in determining high levels of trust and commitment that the customer felt towards the service provider or the service firm. The study supported the notion that commitment was essential to the development and maintenance of strong customer relationships.

Darshan (2006) in his study used the scale developed by Dabholkar et al (1996) for measuring the gap between the customers’ expectations and their perceptions about the service quality of retail stores in India. The population for data collection consisted of active retail shoppers. The researchers selected retail shoppers for analysis, individual retail shops were identified on a convenience-sampling basis. In all, 29 retail stores were selected from Gujarat and the surrounding states. The retail stores varied in their size from small grocery stores to hypermarkets and were selected across industries such as food, clothing, consumer durables, books, music, etc. Statistical analyses were performed to test the dimensionality of service quality and to examine the reliability of the scale. The study found that the service quality of retail stores at an overall level fell far behind the customer expectations. The highest gap (-1.13) among all the items was found to be in item 25 which was quite greater than the gaps in other statements. Though big retail stores promised comfortable parking of their vehicles in their communication to customers, but during peak hours, the parking facilities fell short of customers’ requirements. The study suggested that this might have been due to lack of proper planning and design of parking facilities and therefore special attention should be given to such factors which can lead to dissatisfaction among customers. The findings were that in most of the cities in India, multi-storied parking is still not well adopted and the ground level parking takes a lot of space which multiplies the parking problem. Finally, the analysis of the gap scores was used by the author to suggest relevant improvements in the retail store service quality.

Chua and Luk (2005) in their study purposed to develop a technique that considered competition using the analytic hierarchy process (AHP) framework to measure service quality. The paper developed an approach that aimed at assisting managers in prioritizing aspects of service improvement – while taking account of the service priorities of competitors. Rather than using a non-comparative model, the approach used a comparative evaluation model – that is, the customers were asked to compare firm A and firm B with regard to a service dimension, and then rate their satisfaction level for either firm A or B. The paper developed a cohesive approach to
help managers identify which reliability, assurance, tangibles, empathy; responsiveness (RATER) service dimensions require attention to create a sustainable competitive advantage.

**Fullerton (2005)** examined the ways that service quality and the relationship marketing perspective both contributed to understanding of customer loyalty in retail and services industries. The major research question explored in the paper was whether service quality or customer commitment were the prime driver of customer loyalty-related behaviors in the context of a retail–service relationship. The hypothesized model was developed and was examined with data collected in two distinct retail service samples. Both samples were collected in a mid-sized Canadian city. In the second sample, the data was collected from the customers of a major Canadian retail grocery chain in a mid-sized Canadian city. The data was subjected to a confirmatory factor analysis using the AMOS 3.6 structural equation modeling software. The study demonstrated that commitment is an important construct in retail relationships. The study found that customer commitment was important because it included at least an affective component and a continuance component that might have had differential effects on customer retention, advocacy and willingness to pay more in a retail context. Secondly, these components of commitment were important because they serve as partial mediators of the service quality–loyalty relationship. The study found both affective and continuance commitment to be important to service researchers because they helped in understanding why some consumers exhibit both attitudinal and behavioral loyalty while others seek to exit relationships given an opportunity.

**Jain and Gupta (2004)** attempted to fill the existing void in the services quality literature. The research work was based on a survey of consumers of fast food restaurants in Delhi. The paper assessed the diagnostic usefulness as well as the psychometric and methodological soundness of the two widely advocated service quality scales, viz., SERVQUAL and SERVPERF. The unweighted as well as the weighted versions of the SERVQUAL and the SERVPERF scales were comparatively assessed in terms of their convergent and discriminant validity, their ability ability to explain variation in the overall service quality, ease in data collection, capacity to distinguish restaurants on quality dimension, and diagnostic capability of providing directions for managers in the event of service quality shortfalls. In overall terms, the
study found that while the SERVPERF scale was a more convergent and
discriminant valid explanation of the service construct, possessed greater power to
explain variations in the overall service quality scores, and was also a more
economical data collection instrument, it was the SERVQUAL scale which entailed
superior diagnostic power to pinpoint areas for managerial intervention. The study
found SERVQUAL to be more relevant and reliable for managerial use.

Long and McMellon (2004) generated a sample pool by examining consumer
comments about service at Internet sites where consumers had shopped online for
their research work. The data collection method differed from that used by researchers earlier in their study of e-service quality, therefore authors decided to start out from
more basic outlook on service quality dimensions rather than try to force-fit items into
their new categories. The five dimensions of SERVQUAL served as a comparison to
the final scale that was developed in order to aid understanding of the differences
between face-to-face and Internet retail service quality. A total of seven
categorizations emerged. These included the original five dimensions which
comprised the SERVQUAL scale plus two additional dimensions.

Shucui (2003) in his paper focused on the two main quality scales of the retailers:
SERVQUAL and RSQS, the former has prevalence in universal business service
management, the latter was developed special for retail stores. The study found that
SERVQUAL and RSQS are the most frequently used measurement tools in retail
service management area. The paper put the emphasis on SERVQUAL and RSQS and
the respective application situations and limitations. The author presents a detailed
review of domestic literatures on the retail service quality measurement. The study
found that neither SERVQUAL nor RSQS provided a reliable and valid measure of
retail service quality. The problem was there regarding the factor structure and sub­
dimensions of the two scales. Service quality researchers had suggested that the scales
should be adapted to take care of the differences in the industry settings from country
to country as well as the differences in cultural and environmental factors. Taking into
consideration the situations, the limitations of the two scales have been discussed. The
paper tracked the domestic research of the retail service quality management, and
pointed out the future direction for research so that these scales could be made more
reliable.
Wong and Sohal (2002) in their study examined the relationship between service quality and overall relationship quality on two levels of relationship (employee and company level). On the basis of review of literature they proposed that there is a positive relationship between perceived service quality and overall perceived relationship quality. The service quality was measured by using a modified version of the SERVQUAL scale. The data was analysed by structural equation modeling (SEM) using LISREL VIII which traced structural relation in a data set. Initial exploration of the possible relationship between the dimensions of service quality and two levels of relationship quality was conducted using the Pearson correlation analysis. The authors found significant relationship to be existing between the dimensions of service quality and two levels of relationship quality. The authors felt that although the concept of service quality is important, not all the dimensions equally contribute to customer’s perception of service quality. Therefore it is important for retailers to be able to identify the dimensions that contribute to the satisfaction.

Soyoung and Byoungho (2002) in their study validated retail service quality scale for retail setting in U.S and Korea. The nature of the study was exploratory and two convenience samples were taken from U.S.A and Korean university students for data collection. The study took into consideration the fact that there might have been some differences in perception of both the populations because of the culture and environment differences. The multi item scale for measuring retail service quality was used in the study that was adopted from RSQS scale. A multisampling analysis in LISREL for cross-national applicability of a model indicated that US and Korean data had the same factor structure but measurement equivalence did not exist across samples. The examination of the correlation coefficients revealed that five items used for measuring the policy factor had weak or non-significant correlation. The results of t test showed that U.S.A sample showed consistently more favourable perception for the three dimensions of service quality (the purification of the scale led to adoption of three factor scale) rather than the Korean sample. Among the U.S respondents, physical aspects received the highest average score, followed by personal attention and reliability. But for the Korean sample ranking were in the reverse order, reliability showed the highest score, followed by personal attention and physical aspects. The authors felt that although study failed to provide evidence of measurement equilivance across the two samples, it provided insights into the similarities and
differences in the two groups perceptions of service quality for discount stores.

Witkowski and Wolfmberger (2002)\textsuperscript{111} compared ratings of banks, medical care, retail clothing stores, postal facilities, and restaurants in Germany and the United States. Their project used the SERVQUAL scale; a measure of service quality well documented in multiple settings in the United States and additional items from SERVPERF. The study proposed a method whereby SERVQUAL could be used to measure service quality in different countries. The research compared expectations and outcomes for each of five service settings and service quality dimensions, as well as relationships between ratings on the five dimensions and overall ratings of service quality in Germany and the U.S. The quota sample of 575 Germans and 455 Americans included age categories roughly proportional to their incidence in each nation’s population. The authors were able to identify several important differences and some similarities between the samples when service factors were examined across settings.

Siu and Cheung (2001)\textsuperscript{112} in a paper titled “A measure of retail service quality” used a validated retail service quality scale to study the retail service quality delivery in Hong Kong using a renowned department store as a case study. The paper also investigated the impact of service quality on future consumption behaviour. The retail store used for study was a multi-national department store chosen for its emphasis on ‘Quality, value and service worldwide’. It had a well identified target market in Hong Kong. The questionnaire included 25 statements on retail service quality which were reduced to six factors upon a principal component factor analysis. Factor 1 was labeled as personal interaction, Factor 2 policy, Factor 3 physical appearance, Factor 4 promises, Factor 5 problem solving and Factor 6 was labeled as convenience. Among the six factors policy had the highest mean score (5.11), followed by convenience (5.00), problem solving (4.78), promises (4.71), physical appearances (4.67) and personal interaction (4.50) as perceived by customers. Significant differences for the gender of respondents were found in two factors: personal interaction (p=0.033) and physical appearance (p=0.001). Significant differences were also found among different age groups in two factors: physical appearance (p=0.016) and promises (p=0.0001). In terms of income level significant differences were found at physical appearance (p=0.000) and promises (p=0.003). In terms of the impact of service quality on future behaviour, the findings showed that the six dimensions were
weak in explaining the variance of intention to purchase and intention two recommend.

**Klemz and Boshoff (2001)**, in their paper addressed two critical issues for the small retailer who faced competition from large national one-stop chains. The first one related to whether the customers perceived environmental differences and induced emotional influences of the same for different retailers and did these influences have differential effects on a customer’s willingness-to-buy (WTB)? The study focused on two critical elements of the complex retailer/consumer relationship: the retail environment; and induced emotion, in two retail settings, a downtown shopping district consisted exclusively of small specialty retailers and a large one-stop retail district that consisted of large national chain retailers within a small town in the mid-western USA. Partial least squares based on a component construct concept was chosen as the analysis method for this research. It was found that the small downtown retailers primarily used empathy to influence Willingness to buy. It was also found that the large national one-stop chains in the small town primarily used assurance to influence Willingness to buy. The study also found that differences also existed between the two retail districts in how they used elements in the retail environment to manipulate induced emotion. They found that small retailers in the downtown district managed empathy primarily by managing responsiveness, where the large national chain retailer’s balanced tangibility, reliability and responsiveness to manage perceptions of assurance. The research had strong implications for the small retailer who were facing competition from large retail chains as it was found that when competing for customers, providing customers with personalized and individualized service, and knowing your customer’s needs were critical in influencing the customer’s willingness-to-buy. Additionally, responsiveness to customer queries played a critical, although indirect, role on influencing willingness-to-buy. For the small retailers like the ones in the study, this influence was accomplished primarily through the influence of responsiveness on perceptions of empathy.

**Darian et al (2001)** in their research investigated the impact of selected salesperson service attributes and levels on consumer patronage intentions in a consumer electronics store setting. The study used conjoint analysis to measure consumer priorities. Three pilot studies were conducted in order to select and identify the most salient attributes to be included in the conjoint analysis. They consisted of a
preliminary study and two surveys. The preliminary study was administered to 20 adult graduate business students who were employed and attended school in the evening. These respondents were considered particularly appropriate for the research, as they were frequent purchasers of consumer electronics products, from cell phones and pagers to DVD players. The first survey involved telephone interviews of a probability sample of households (N = 30) in central New Jersey. The second survey used a written questionnaire and was administered to a sample of students. The resulting instrument was administered to a sample of 68 students at a university in central New Jersey. It was found that the most important attribute was respect for customer. Respondents were significantly more likely to patronize a retailer where the salespeople were “very respectful” than where they were just “respectful”. Talking down to the customer was viewed more negatively than any other attribute measured in the survey. Salesperson’s knowledge about the product was the second most important attribute, with respondents being significantly more likely to state an intention to shop at a store where salesperson’s knowledge was “good” as compared to “poor”. Ranking third in importance was salesperson’s responsiveness. Respondents viewed salespeople who were “not responsive – used hard sell” almost as negatively as those talking down to the customer or possessing poor product knowledge. The next most important attribute was salesperson’s friendliness. While the study was not able to establish any significant difference in the likelihood of patronizing retailers where the salespeople were “very friendly” compared to “friendly”, respondents were significantly less likely to shop where the salespeople were perceived as “unfriendly”. The least important of the attributes tested was salesperson availability. Respondents indicated that they were more likely to select a store where the salesperson “immediately greets customers as they entered”, and least likely to shop where a “salesperson” was hard to find.

Mehta et al (2000) examined the issue of service quality and its measurement in different retail contexts with varying importance of service in the selling of goods. It explored the usefulness of SERVPERF, the perceptions component of SERVQUAL and a retail service quality scale (the DTR scale) in measuring the service quality of different product-service retail environments. The study specifically, investigated the relative performance of two scales measuring the service quality of retailers where goods purchased were the primary focus, against another where both goods and
services were equally important. The data was collected from supermarkets and electronic goods retailers respectively, with the help of convenience sampling. The performance of the two scales within the two contexts was mixed. In the supermarket environment, the DTR scale proved to be slightly better than SERVPERF, while the reverse was true in the context of electronic goods retailers.

2.6 SUMMARY OF LITERATURE REVIEWED

Firstly, the literature reflects that store formats as an area of research does not have a lot of history. The retail formats have seen a lot of growth due to internationalisation of retail. Different formats are being evolved by the retailers in order to pursue different strategies for positioning themselves to be able to attract and retain customers. But still there has been no consensus as far as definition, of retail format is concerned.

Secondly, the literature related to retail store choice shows strong support for the fact that it is very important from the retailers to understand the factors which influence the decision making of customers related to store choice. Continuous efforts have been made by researchers to understand different markets as there lays answers for the retailers related to the strategies to be used to attract customers. Factors such as store atmosphere, store image, price, merchandise, personnel, and promotion play an important role. But these factors differ in their importance depending on demographics, lifestyle, shopping orientation and patronage behaviour. There have been few researches of Indian origin also in this area but mainly covering the southern region as retail is more developed there.

The third part of the literature review relates to work that has been done in the area of strategy. This field has contribution from several prominent strategic thinkers such as Porter, Ansoff, Knee and Walter, Duke, Miles and Snow. The models and concepts developed by these thinkers form an important base for the various research studies carried over in different areas of manufacturing as well as service sector. The papers present a brief on various theoretical issues, rationale and different strategies.

The last part of the chapter deals with review of literature related to service quality. The service quality construct continues to represent an important venue for marketing research. The service quality constructs although developed in developed countries
have been adapted and tested them within a international settings also. The literature highlights major issues related to service quality such as how it should be defined, and how it should be measured. By understanding and measuring service quality, gaps related to customer satisfaction can be easily identified and improved upon to retain customers.

The review of literature no doubt has provided lot of knowledge on retail choice behaviour, service quality concept and importance and role of strategy in a competitive and complex business scenario. But it is evident from the above reviews that the research has been centered in most of the developed countries where organised retailing has been prevalent for ages and more than 80% of the retail is organised in these countries. But in India retail has been organised and modernised only in the last decade and as a result there is lack of adequate retail literature which can be very helpful to the managers in designing the right strategies. As the retail sector is evolving national and international players are entering, they can use the knowledge which has been built over the years in these organised retail markets. But there is a need for generating a pool of knowledge with the help of Indian studies that takes into consideration the differences that are there in markets such as different tastes and preferences of the customers. These differences are there due to different demographics and lifestyles. Although the Indian customers showed a lot of positive interest on being exposed to organised retail formats but slowly the profit margin has reduced and growth is becoming slow. The challenge is to attract and retain the customers that require understanding of the factors which play an important role when a customer decides where he/she wants to shop. This understanding will help the retailer in improving their offers in the market. No longer just the instinct can be relied upon for the success formulae but well defined strategies need to be implemented. The retailer has to think about the total bundle of benefits offered to customers through his channel of distribution. It is essential for retailer to have a retail strategy if they want to stay ahead and competitive in the evolving and complex environment. Retailers should be able to attract the customers with their offer and also be able to retain them by exceeding the expectations of the customers. Service quality plays an important role in retaining the customers. This area has been researched in developed markets but in India, not much work has been done. Therefore, it is worthwhile to invest in the research area of understanding the strategies of the retail players in North India.
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