3 CONCEPTUAL FRAMEWORK

“A business that makes nothing but money is a poor kind of business.”

Henry Ford

3.1 Introduction
Research on the relationship between store satisfaction and store loyalty has remained limited, both in actual number as well as in scope. Yet, in the present environment of increased competition with rapid market entry of new store concepts and formats (Maronick and Stiff, 1985), the managerial challenge of increasing store loyalty presents the research challenge of in-depth understanding and an empirical estimation of this important type of consumer behaviour. There is some evidence that store loyalty may be (positively) related to store image (Mazursky and Jacoby, 1986; Osman, 1993). But, it has remained unclear what the exact relationship between satisfaction, image and loyalty in a retail setting is. Here, we try to describe the relationship between store satisfaction and store loyalty, taking into account the effect of store image.

Three main factors that have an impact on loyalty are store related factors; shopper-related factors; and situation related factors. These are detailed in following sections. Subsequently, store satisfaction, store image and relationship between image, satisfaction and loyalty are described. On the basis of this discussion, the hypothesis are framed and mentioned subsequently.

3.2 Factors Influencing Store Loyalty

Store Related Factors
Convenience is the primary reason that customers show patronage. These studies assume that convenience is the primary reason for loyalty. Most work in this area stems from a model proposed by Huff (1964). The Huff Model states that consumer patronage id directly proportional to utility factors given by square feet and inversely proportional to disutility factors given by physical distance. The limits to enhancing loyalty are essentially seen as limited centripetal pull of a store/ shopping center (Applebaum, 1966). Location-related factors are given importance in analyzing both trade areas and retail patronage behaviour (Hubbard, 1978). These studies most often count the benefits of locating a store in a shopping center/ mall to increase the store’s ‘destination’ traffic rather than just stay with the convenience pull. In fact these studies determine shopping center traffic more
accurately than single store traffic (Gautschi, 1981). Huff’s model has subsequently been studied by introducing trade overlap areas for effects on store patronage (Bucklin, 1971). Generally speaking, these studies have resulted in the formation of the Theory of Gravitational Pull in the field of retailing patronage studies. Apart from distance, several other factors such as income and social class perceptions have also been studied from the perspective of retail center patronage decisions (Moore and Barry, 1969).

Within a given trade area, these studies emphasize the ‘uniqueness of assortment’ as a way of influencing store loyalty and patronage. In consumer priorities, assortment and variety comes after convenience and price (Arnold, Tae, and Douglas, 1978; Craig, Gosh, and McLafferty, 1984; Louviere and Gaeth, 1987). Given that consumers are favourably inclined to revisit a store where they have had positive shopping experiences (found something they could not find anywhere else), these stores suggest that competing stores need to differentiate themselves based on type and quality of assortment offered. The emphasis here is on tailoring the environmental clues using retail mix elements to foster patronizing.

One of the used strategies is to develop own store Private labels. Consumers have distinct perceptions of national and local brands vis-à-vis the retail private store brands. Categories such as paper, plastic and wraps, and food products have high penetration of private brands. The lowest share is observed in case of cosmetics and baby foods. In India, private brands are found in more than fifty percent of stores. Category such as grocery and washing products show a higher presence of such brands (Business Today, 26 October 2003). It has been observed that the impact of the store brands on the consumer loyalty is lower in product categories where the ‘quality believability’ of national brands is higher.

**Shopper Related Factors**
Several factors such as age, income and social class of the shopper have been found to influence retail patronage decisions (Moore and Mason, 1969). The orientation of the shopper also impacts the preference of a store. Several studies have found a correlation between shopping orientations and lifestyle and with store loyalty and preference for stores. It has been found that shopper seeking more hedonic gratification from the shopping tends to patronize ‘new’ format stores that focus on experimental marketing and offer better ambience and service (Sinha, 2003). Shopping orientation correlates differently with the
information mix elements, varying with source, source credibility, and preference for a source by some consumers and usage of such information (Moschis, 1976).

The aspect of congruity between the retail mix elements as designed by the retailer and the self-image/ self-concept of the consumer has received much attention. Research has shown the greater the congruence between self-image and store-image; the greater is the probability that the customer is loyal (Pathak, Crissy and Sweitzer, 1974; McClure and Ryans, 1968; Dornoff and Tatham, 1972). It has also been found that if retail mix elements are in congruence with the desired benefits, it results in customer loyalty (Osman, 1993). There is a direct linkage between personal values and desired consumer benefits. Past experience with the outlet has also emerged as one of the major drivers of loyalty. It acts as an influencer in forming expectations about desired benefits from purchasing at a store (Guttman, 1990). A consumer’s selection of a store is not completely random. The more recent the purchase experience and more frequent the visits to the store, the more is the likelihood of repurchasing that product in that store (Aaker and Jones, 1971).

Several theories can be applied to study information processing by consumers. One set of theories assumes that evaluation criteria are considered simultaneously. This theory states that consumers do not distinguish between objective and subjective evaluation criteria. They tend to use both simultaneously when arriving at a decision (Hirschman and Krishnan, 1981). Another set of theories hold that the process happens sequentially- first there are certain factors used to make a choice among clusters and then, within the chosen cluster, other parameters are used for decision-making (Fotheringham, 1988). It is generally agreed that as dimensions of comparison among stores increase and, the consumer has to process vast amounts of information before making a choice, the hierarchical process becomes more relevant (Black, 1984).

The third set of theories states that consumers use a limited set of evaluative criteria when making a choice and this varies depending on personality, context and product. To assess store perception on attributes that are meaningless to consumers can be misleading to a retailer. These theories draw significantly from automatic cognitive information processing models and the threshold model of consumer behaviour and examine how attitude leads to behaviour/ patronage (Kau, Paul, and Hill, 1972; Malhotra, 1983; Pokowiski, Timmermans and Harry, 1997).
**Situation Related Factors**

Another set of factors that has been found to impact on loyalty consists of situational factors. These factors include task definition, level of involvement, shopping orientation, and usage of information. These are manifested in the task definition by the shopper and involvement with shopping. These indicate the intensity of need and the comfort of the shopper in taking a purchase decision. The store choice has been found to depend on buying situations that differ with the level of involvement. Shopping orientation correlates differently with the information mix elements. Varying with source, source credibility, and preference for a source by some consumers, and usage of such information. The usage of information and attitude change depending on the product and the context (Moschis, 1976). The relative importance of the information sources differs by the level of product specific buying experiences. Thus, a consumer segment identified as using a highly complex cognitive process of decision-making for a product could exhibit significant deviations for the same product at a different store (Kline and Wagner, 1994).

**3.3 Store Satisfaction**

Satisfaction has often been regarded as an antecedent of store loyalty (Bitner, 1990). Store satisfaction can be defined (Engel et al., 1990, p. 481) as:

*The outcome of the subjective evaluation that the chosen alternative (the store) meets or exceeds expectations.*

This definition is within the tradition of conceptualizations of satisfaction that are used in the product literature. The basis for the definition forms the disconfirmation paradigm (Oliver, 1996). According to this paradigm, satisfaction is believed to occur through a matching of expectations and perceived performance. In case a consumer makes this comparison, he or she elaborates on the evaluation of a store. In order to do so, a consumer must both have the motivation and the ability to evaluate the store relative to the reference point employed (Petty et al., 1983).

However, in some cases it may be very hard for consumers to generate expectation to evaluate store performance and to compare the expectations and performance as if they were independent elements. However, to the extent that an explicit comparison is made between expectations and performance, the consumer is likely to be aware of the outcome
of this evaluation. We label it as manifest satisfaction. Manifest satisfaction is the result of an evaluation, which is well elaborated on.

To the extent that no explicit comparison is made, for instance, due to lack of motivation and/or ability of the consumer to evaluate the store, the consumer is not likely to be fully aware of his/her satisfaction. We will call this type of satisfaction latent satisfaction (see also Bloemer and Poiesz, 1989). Latent satisfaction is the result of an implicit evaluation which is not elaborated on. Also, the difference between manifest and latent satisfaction is not absolute; the degree of elaboration can differ, and therefore, we also assume a continuum between both types of satisfaction.

3.4 Store image

The image of store is found to drive loyalty. The more positive the store image, the greater is the degree of loyalty. Several studies report direct linkages between store image and intensity of store loyalty (Kunkel and Berry, 1968; Korgaonkar, Lund and Price, 1985; and Reynolds, Darden and Martin, 1974). Store image reflects shoppers’ perception of a store in terms of functional and psychological attributes. These can also be classified as tangible and intangible attributes. The tangible attributes of the store, such as merchandise, location, sales people, and displays, are explicit and observable. The intangible aspects, such as ambience, co-shoppers and other psychosocial factors difficult to measure and hence manage (Martineau). The retail literature also discusses the congruence between self-image and store image. Studies show that this congruence leads to loyalty. Shoppers select cues from the store environment and draw inferences about the characteristics of a typical shopper of the store (Joseph, Grewal and Mangleburg, 2000). The tenant mix also affects the store image. Malls, which anchor stores tend to, absorb the image of the store. A mall with a department store as an anchor reflects an image of high quality merchandise and customer service. A mall a price format store as an anchor has an image of a low service mall (Kirkup and Mohammad, 1994). It has also been found that shopping at an upscale mall is more likely to create high level of self-congruity. Shoppers belonging to high economic strata are more likely to perceive stores housed in downscale mall to have a lower quality image (Chebal, J., M.J. Sirgy and V. St-James, 2006). The study propounds that store image should be seen as a result of an interaction between the mall image, socio-economic status of shoppers, and store type.
3.5 The relationship between image, satisfaction and loyalty

In our view, manifest satisfaction is directly and unequivocally related to store loyalty. Manifest store satisfaction means that an explicit evaluation of the store is made, which in case of a positive evaluation leads to store commitment. So, manifest satisfaction will be positively related to store loyalty. Latent satisfaction is the result of an implicit evaluation of the store choice, which is not elaborated on and of which the consumer is not fully aware. Latent satisfaction means mere acceptance of the store, which will not necessarily lead to commitment. Nevertheless, latent satisfaction may also be positively related to store loyalty, but less strongly than manifest satisfaction.

Greater the amount of elaboration, the more manifest the satisfaction will be. In fact, elaboration is a moderator variable in the relationship between satisfaction and loyalty. As stated before, elaboration is determined by the motivation and the ability of a consumer to elaborate on the store choice. In our view, motivation can be operationalised by store choice involvement and ability can be operationalised by store choice deliberation (Petty et al., 1983; Verplanken, 1991).

The fact that the amount of consumer satisfaction and store loyalty in general are positively related, as we expect, is hardly supported by the literature. Although a number of studies address the relationship between satisfaction and loyalty as related to products and services (Bloemer and Lemmink, 1992; Bloemer and Kasper, 1995; Garfein, 1987; Kasper, 1988), there is little empirical evidence to support the explicit relationship between store satisfaction and store loyalty (Hummel and Savitt, 1988).

Customers’ patronage behaviour towards a particular store is dependent on their image of that particular store (Osman, 1993). The more favourable the store image, the higher the valence of the store to the customer. However, the exact relationship between store image and store loyalty has remained inconclusive. There is both evidence for a direct relationship and an indirect relationship whereby store satisfaction acts as a mediator (Doyle and Fenwick, 1974; Houston and Nevin, 1981; Lindquist, 1974; Stanley and Sewall, 1976).
Based on above discussion the following hypotheses are framed for the study.

**Hypo 1**  
Demographic factors play a significant role in shaping shopper's buying behavior.

**Hypo 2**  
Shopper’s perceived store image is a consequence of his or her demographics.

**Hypo 3**  
Demographic profile of shopper plays an important role in determining the level of satisfaction shopper derives from his or her patronized department store.

**Hypo 4**  
Demographic profile of shopper has an important bearing in shaping shopper's loyalty for the department store he or she regularly visits.

**Hypo 5**  
There is a significant difference in shoppers buying behavior patterns and the store location the shopper shops from.

**Hypo 6**  
There is a significant difference among shoppers perception towards store image and the location of the store they shop from.

**Hypo 7**  
There is a significant difference in level of satisfaction shoppers derive and the location of the store they shop at.

**Hypo 8**  
There is a significant difference among shopper’s loyalty behaviour and the location of the store they shop at.

**Hypo 9**  
There is a significant difference among shopper’s buying behaviour in respect to the store brand they usually shop at.

**Hypo 10**  
There is a significant difference among shopper’s perceived store image and the store brand they usually visit.

**Hypo 11**  
There is a significant difference in level of satisfaction shoppers derive and the store brand they usually visit.

**Hypo 12**  
There is a significant difference among shopper’s loyalty behaviour and the store brand they usually visit.

**Hypo 13**  
There is a significant difference among shoppers buying behaviour and the store format they usually visit.

**Hypo 14**  
There is a significant difference among shoppers for their perceived store image and the store format they usually visit.

**Hypo 15**  
There is a significant difference among shoppers in the degree of satisfaction derived and the store format they usually visit.

**Hypo 16**  
There is a significant difference among shoppers in the level of loyalty displayed and the store format they usually visit.

**Hypo 17**  
Location of the store and the frequency of visits of a shopper commits to a store determines his or her average money spent.

**Hypo 18**  
Store brand and location determines the shopper’s perception towards the store factors.
Hypo 19 Among all store factors, product quality and promotion have major influence on shopper's buying behavior.

Hypo 20 Store factors have a positive effect on store satisfaction. Among all store factors, product quality, promotion, credit terms and store atmosphere have greater bearing on store satisfaction.

Hypo 21 Store factors have a positive effect on store loyalty.

Hypo 22 Satisfaction has positive effect on store loyalty.

The relationship among variables as defined by the above hypothesis can be modeled as drawn in figure 3.1.
References


