INTRODUCTION

What people in business think they know about the customer and market is likely to be? More wrong than right... the customer rarely buys what the business thinks it sells him.

Peter Drucker

1.1 Introduction
The customers process the information around them and approach the retail space to consume according to their expectancy level. Consumers approach different store types to explore product views and to shop products according to their needs and their desired estimates. Some customers frequently visit the brand stores to update themselves with the brand portfolio and some visit other forms of retail shops with competing brands to enjoy high price saving offers.

But consumers buying or selecting a particular retail outlet is the behavioral issue influenced by their reference groups (friends, relatives and so on), culture, their upbringing, family life cycle etc. The store image is a major determinant which helps customer to patronize a particular retail store. The shopping experience factors bridge a relationship with the prospects for regular shopping experience.

In the present scenario, time is constraint and money has become luxury. So, customer has focused on selecting an appropriate retail outlet, which provides value added services, focuses on customer’s needs and is responsive to customer concerns and issues. Customers prefer a particular retail outlet if they find greater return over their total shopping cost.

In last one decade and half, Indian economy has seen a great resurgence. Today, it is the second fastest growing economy in the world and would be third largest economy in terms of GDP in next 5 years. With fourth largest economy in PPP terms after USA, China and Japan India tops AT Kearney’s list of emerging markets for global retailers. Well, the figures are evidence to it. The organized retail, which was 1.8% of total retail in 1998, has grown to 5% in 2010. Coupled with majority of younger population and consumer spend to the tune of Rs. 20, 00,000 crores ($ 445 bn) in 2006, it provides an ample opportunity for organized retailing. Evolving in more and more sophisticated formats organized retail has come of age to have a competitive edge over traditional retailers in footfalls and business.
The growing economy has even brought phenomenal changes in customer’s demand patterns. The psychological framework has changed as well as lifestyle of individual is getting affected due to environmental influences like…liberalized economy, information flow, technological changes, improving literacy rates, growing incomes and jobs particularly in service sector.

All this combined together has an impact on individuals purchasing & consumption behavior.

As a result of the change in the customers there is a dramatic change that retail industry in India has gone through. With change the explosion that Indian Retail Industry has shown is also exceptional. Looking at this opportunity in this area, big industry giants…Reliance, Tata, AV Birla Group, ITC, Bharti and many more have entered the scene. Competition too is pruning at a fast pace. Any retailer cannot ignore the customer and commit mistake of loosing him. Retail Industry thus has to focus on patronizing. Committing this act of ignoring the customer loyalty the retailers how so ever big will be loosing them in long term. Thus, to sustain and grow in future patronizing is what retail giants should look into.

1.2 Growth of Retail Sector: An Overview
The India Retail Industry is the largest among all the industries, accounting for over 10 per cent of the country’s GDP and around 8 per cent of the employment. The Retail Industry in India has come forth as one of the most dynamic and fast paced industries with several players entering the market. But all of them have not yet tasted success because of the heavy initial investments that are required to break even with other companies and compete with them. The India Retail Industry is gradually inching its way towards becoming the next boom industry.

The total concept and idea of shopping has undergone an attention drawing change in terms of format and consumer buying behavior, ushering in a revolution in shopping in India. Modern retailing has entered into the Retail market in India as is observed in the form of bustling shopping centers, multi-storied malls and the huge complexes that offer shopping, entertainment and food all under one roof.
A large young working population with median age of 24 years, nuclear families in urban areas, along with increasing working women population and emerging opportunities in the services sector are going to be the key factors in the growth of the organized Retail sector in India. The growth pattern in organized retailing and in the consumption made by the Indian population will follow a rising graph helping the newer businessmen to enter the India Retail Industry.

In India the vast middle class and its almost untapped retail industry are the key attractive forces for global retail giants wanting to enter into newer markets, which in turn will help the India Retail Industry to grow faster. Indian retail is expected to grow 16 per cent annually. Total retail in India could be worth US$ 798 billion by 2014 from US$ 497 billion in 2009. The Food Retail Industry in India dominates the shopping basket. The Mobile phone Retail Industry in India is already a US$ 16.7 billion business, growing at over 20 per cent per year. The future of the India Retail Industry looks promising with the growing of the market, with the government policies becoming more favorable and the emerging technologies facilitating operations.

1.2.1 The Indian Retail Scene
India is the country having the most unorganized retail market. Traditionally it is a family’s livelihood, with their shop in the front and house at the back, while they run the retail business. More than 99% retailer’s function in less than 500 square feet of shopping space. But in last one decade rampant changes can be gauged with the emergence of organized retail players which contribute about 5 percent of total retail sales in India.

Purchasing power of Indian urban consumer is growing and branded merchandise in categories like Apparels, Cosmetics, Shoes, Watches, Beverages, Food and even jewellery, are slowly becoming lifestyle products that are widely accepted by the urban Indian consumer. Indian retailers need to advantage of this growth and aiming to grow, diversify and introduce new formats have to pay more attention to the brand building process. The emphasis here is on retail as a brand rather than retailers selling brands. The focus should be on branding the retail business itself. In their preparation to face fierce competitive pressure, Indian retailers must come to recognize the value of building their own stores as brands to reinforce their marketing positioning, to communicate quality as well as value for money. Sustainable competitive advantage will be dependent on
translating core values combining products, image and reputation into a coherent retail brand strategy.

There is no doubt that the Indian retail scene is booming. A number of large corporate houses Tata’s, Raheja’s, Piramals’s, Goenka’s have already made their foray into this arena, with beauty and health stores, supermarkets, self-service music stores, new-age book stores, every-day-low-price stores, computers and peripherals stores, office equipment stores and home/building construction stores. Today the organized players have attacked every retail category. The Indian retail scene has witnessed too many players in too short a time, crowding several categories without looking at their core competencies, or having a well thought out branding strategy.

Retailing in India is gradually inching its way toward becoming the next boom industry. The whole concept of shopping has altered in terms of format and consumer buying behavior, ushering in a revolution in shopping in India. Modern retail has entered India as seen in sprawling shopping centers, multi-storied malls and huge complexes offer shopping, entertainment and food all under one roof. The Indian retailing sector is at an inflexion point where the growth of organized retailing and growth in the consumption by the Indian population is going to take a higher growth trajectory. The Indian population is witnessing a significant change in its demographics. A large young working population with median age of 24 years, nuclear families in urban areas, along with increasing workingwomen population and emerging opportunities in the services sector are going to be the key growth drivers of the organized retail sector in India.

1.2.2 Growth of Retail in India
Retail and real estate are the two booming sectors of India in the present times. And if industry experts are to be believed, the prospects of both the sectors are mutually dependent on each other. Retail, one of India’s largest industries, has presently emerged as one of the most dynamic and fast paced industries of our times with several players entering the market. Accounting for over 10 per cent of the country’s GDP and around eight per cent of the employment retailing in India is gradually inching its way toward becoming the next boom industry.
As the contemporary retail sector in India is reflected in sprawling shopping centers, multiplex- malls and huge complexes offer shopping, entertainment and food all under one roof, the concept of shopping has altered in terms of format and consumer buying behavior, ushering in a revolution in shopping in India. This has also contributed to large-scale investments in the real estate sector with major national and global players investing in developing the infrastructure and construction of the retailing business. The trends that are driving the growth of the retail sector in India are

- Low share of organized retailing
- Falling real estate prices
- Increase in disposable income and customer aspiration
- Increase in expenditure for luxury items

Another credible factor in the prospects of the retail sector in India is the increase in the young working population. In India, hefty pay packets, nuclear families in urban areas, along with increasing working-women population and emerging opportunities in the services sector. These key factors have been the growth drivers of the organized retail sector in India which now boast of retailing almost all the preferences of life - Apparel & Accessories, Appliances, Electronics, Cosmetics and Toiletries, Home & Office Products, Travel and Leisure and many more. With this the retail sector in India is witnessing rejuvenation as traditional markets make way for new formats such as departmental stores, hypermarkets, supermarkets and specialty stores.

The retailing configuration in India is fast developing as shopping malls are increasingly becoming familiar in large cities. When it comes to development of retail space specially the malls, the Tier II cities are no longer behind in the race. The government of states like Delhi and National Capital Region (NCR) are very upbeat about permitting the use of land for commercial development thus increasing the availability of land for retail space; thus making NCR render to 50% of the malls in India.

India is being seen as a potential goldmine for retail investors from over the world and latest research has rated India as the top destination for retailers for an attractive emerging retail market. India’s vast middle class and its almost untapped retail industry are key attractions for global retail giants wanting to enter newer markets. Even though India has well over 5 million retail outlets, the country sorely lacks anything that can resemble a
retailing industry in the modern sense of the term. This presents international retailing specialists with a great opportunity. The organized retail sector is expected to grow stronger than GDP growth in the next five years driven by changing lifestyles, burgeoning income and favorable demographic outline.

1.2.3 Retailing formats in India

**Malls**- The largest form of organized retailing today. Located mainly in metro cities in proximity to urban outskirts. Ranges from 60,000 sq ft to 7,00,000 sq ft and above. They lend an ideal shopping experience with an amalgamation of product, service and entertainment, all under a common roof. Examples include Inorbit Mall and Crossroad Mall in Mumbai, Ansal Plaza in Delhi and City Centre Mall in Gurgaon.

**Specialty Stores**- Chains such as the Bangalore based Kids Kemp, the Mumbai books retailer Crossword, RPG’s Music World and the Times Group’s music chain Planet M, are focusing on specific market segments and have established themselves strongly in their sectors.

**Discount Stores**- As the name suggests, discount stores or factory outlets, offer discounts on the MRP through selling in bulk reaching economies of scale or excess stock left over at the season. The product category can range from a variety of perishable/ non-perishable goods.

**Department Stores**- Large stores ranging from 20000-50000 sq. ft, catering to a variety of consumer needs. Department stores can be further classified into localized departments such as clothing, toys, home, groceries, etc. Department Stores are expected to take over the apparel business from exclusive brand showrooms. Among these, the biggest success is K Raheja’s Shoppers Stop, which started in Mumbai and now has more than seven large stores (over 30,000 sq. ft) across India and even has its own in store brand for clothes called Stop. Other prominent department stores include Pantaloons, Lifestyle, Ebony, Globus, and Westside etc.

**Hyper marts/Supermarkets**- Large self-service outlets, catering to varied shopper needs are termed as Supermarkets. These are located in or near residential high streets. These stores today contribute to 30% of all food & grocery organized retail sales. Super Markets can
further be classified into mini supermarkets typically 1,000 sq ft to 2,000 sq ft and large supermarkets ranging from of 3,500 sq ft to 5,000 sq ft. having a strong focus on food & grocery and personal sales.

Convenience Stores- These are relatively small stores 400-2,000 sq. feet located near residential areas. They stock a limited range of high-turnover convenience products and are usually open for extended periods during the day, seven days a week. Prices are slightly higher due to the convenience premium.

MBO’s- Multi Brand outlets, also known as Category Killers, offer several brands across a single product category. These usually do well in busy market places and Metros.

1.2.4 Retail in India- Challenges and Opportunities
Retailing has seen such a transformation over the past decade that its very definition has undergone a sea change. No longer can a manufacturer rely on sales to take place by ensuring mere availability of his product. Today, retailing is about so much more than mere merchandising. It’s about casting customers in a story, reflecting their desires and aspirations, and forging long-lasting relationships. As the Indian consumer evolves they expect more and more at each and every time when they steps into a store. Retail today has changed from selling a product or a service to selling a hope, an aspiration and above all an experience that a consumer would like to repeat.

For manufacturers and service providers the emerging opportunities in urban markets seem to lie in capturing and delivering better value to the customers through retail. For instance, in Chennai CavinKare’s LimeLite, Marico’s Kaya Skin Clinic and Apollo Hospital’s Apollo Pharmacies are examples, to name a few, where manufacturers/service providers combine their own manufactured products and services with those of others to generate value hitherto unknown. The last mile connect seems to be increasingly lively and experiential. Also, manufacturers and service providers face an exploding rural market yet only marginally tapped due to difficulties in rural retailing. Only innovative concepts and models may survive the test of time and investments. However, manufacturers and service providers will also increasingly face a host of specialist retailers, who are characterized by use of modern management techniques, backed with seemingly unlimited financial resources. Organized retail appears inevitable.
Retailing in India is currently (2010) Rs 20,238 billion and organized retail is Rs. 1,020 billion. For retail industry in India, things have never looked better and brighter. Challenges to the manufacturers and service providers would abound when market power shifts to organized retail.

1.2.5 **Future prospects of Retailing in India**

The retail sector has played a phenomenal role throughout the world in increasing productivity of consumer goods and services. It is also the second largest industry in US in terms of numbers of employees and establishments. There is no denying the fact that most of the developed economies are very much relying on their retail sector as a locomotive of growth. The India Retail Industry is the largest among all the industries, accounting for over 10 per cent of the country’s GDP and around 8 per cent of the employment. The Retail Industry in India has come forth as one of the most dynamic and fast paced industries with several players entering the market. But all of them have not yet tasted success because of the heavy initial investments that are required to break even with other companies and compete with them. The India Retail Industry is gradually inching its way towards becoming the next boom industry.

1.3 **Shopper Buying Behavior, Store Image, Satisfaction and Loyalty**

Loyalty is a phenomenon that has always received a great deal of interest among marketers, and store loyalty is the most initial variable of interest to retailers. The reasons are that loyal store customers spend more in total, direct a higher proportion of their expenditure to their main store, are less likely to switch stores, and may be more tolerant of higher prices. Thus, stores that attract a high proportion of loyal customers may benefit from higher returns per customer and from greater stability in their customer base.

There are studies that examined the relationship between store loyalty and long-term performance of a firm, (Reichheld, 1993; 2001; Jones & Sasser, 1995; Heskett, Jones, Loveman, Sasser, & Schlesinger, 1994) but agreement over the drivers or determinants of store loyalty is still in great discussion. For example, Heskett et al., (1994), in their conceptual model of the service-profit chain, believed that customer satisfaction was the driver of customer loyalty. Yet, Jones and Sasser (1995), provides examples of when customer satisfaction does not lead to loyal customers and found that brand image and
product quality were more important drivers of customer loyalty.

**Shoppers Buying Behaviour**

Birtwistle *et al.* (1999) state that defining market segments through behavioural aspects supply a more concrete foundation for a marketing strategy. By understanding the characteristics of the segments, effective communication can be developed. Du Preez (2001) chose demographics, family life cycle, lifestyle, cultural consciousness, patronage behaviour, shopping orientation, and place of distribution to form clusters of female apparel shoppers. Some variables chosen by other researchers to investigate shopping behaviour were information sources, situational influences, shopping orientation, product-specific variables, media usage, store-specific variables, socio-psychological attributes, clothing involvement, demographics, socio-cultural, clothing store dimensions, clothing orientation, psychographics, personal characteristics and self-concept (Gutman & Mills, 1982, Visser *et al.*, 2006, Shim & Bickle, 1994; Visser & Du Preez, 1996).

**Demographics** include characteristics such as language, educational level, occupation, income, age, geographic location, family structure, ethnic background, marital status and gender (Hawkins *et al.*, 2004; Schiffman & Kanuk, 2007). Demographics are objective and measurable characteristics and are therefore likely to be used in consumer descriptions. Demographics influence consumer behaviour by directly influencing consumer attributes, for example values and decision-making styles (Hyllegard, Eckman, Descals & Borja, 2005). Furthermore, education influences people’s occupations and their occupations greatly determine their income. Bellenger, Robertson and Greenberg (1977) found that the consumers’ level of education also influences shopping centre patronage factors as it relates to store image. Consumers’ occupation and education influence preferences in products, media and activities, while income provides the necessary means for consumption behaviour (Choi & Park, 2006; Hawkins *et al.*, 2007; Vakratsas, 1998). Paulins and Geistfeld (2003) focused on identifying attributes that affect store image preference. They found that consumers are more critical of store image attributes when they have a higher education, but that consumers from different income levels tend to perceive store image similarly. The influence of age on store image perception is frequently investigated. Lumpkin (1985) and Visser and Du Preez (1996) studied the needs of elderly or mature
consumers and their findings concluded that age groups within the elderly market differed regarding their preference for store image attributes. This, however, was contradicted by Moye and Giddings (2002) and Oates, Shufeldt and Vaugt (1996) who indicated those elderly consumers’ perceptions of store image do not differ significantly. Furthermore, a qualitative study of large-size female apparel consumers by Janse van Noordwyk (2002) indicated that the perceived importance of store attributes differs by age. Therefore it is apparent that age influences customers’ perception of store image. Demographic variables in isolation cannot provide a complete picture of the consumer. Studied in isolation, demographics hamper the segmentation process, while demographical characteristics such as age, income and employment status can be misleading. A person’s biological age is of less consequence than his/her psychological age, according to Joyce and Lambert (1996). Furthermore, even though income can be tied to spending behaviour, it reveals very little about consumer’s personal interest, health or discretionary time (Oates et al., 1996). Consumers’ lifestyle is therefore a necessary variable when attempting to understand consumer behaviour.

The term psychographics is sometimes used interchangeably with lifestyle (Shim & Bickle, 1994). This could be misleading, depending on how researchers prefer to structure their focus. Psychographics is ‘…closely aligned with psychological research, especially personality and attitude measurement’, according to Schiffman and Kanuk (2007, p. 60). Psychographic measurement is a composite of a person’s interests, activities and opinions, while lifestyle entails this and more, according to Schiffman and Kanuk (2007) and Hawkins et al. (2004). ‘Lifestyle tends to focus on broad cultural trends in society or on needs and values thought to be associated with consumer behaviour (culture, social class, reference group, social performance, family and household life cycle and time utilisation)’ (Kleinhans, 2003, p.14). Visser et al. (1996) state that psychographics and demographics alone are unable to sufficiently explore consumers’ characteristics, and are therefore inadequate to typify consumers when applied in isolation; thus lifestyle should be included. Lifestyle focuses on actions within a social context. Fox (1989) states that lifestyle is a combination of perceptible (activities, interests, demographics, social class and family orientation) and non-perceptible (needs and motives, values, personality, attitude and opinion) variables. Huddleston, Ford and Mahoney (1990) define lifestyle as a way of living shaped by values

Shim and Kotsiopulos (1992, p. 50) define shopping orientation as, ‘...a shopping-specific lifestyle, which encompasses shopping activities, interests, and opinions, [regarding clothing] and reflects a view of shopping as a complex social, recreational, economic phenomenon’. Another study to research shopping orientation was conducted by Gutman and Mills (1982), who felt that it best leads to understanding consumers. Personal characteristics, namely social class, lifestyle and family life cycle, play an important role in predicting shopping orientation (Shim & Kotsiopulos, 1992). Shopping orientation is viewed as a good indicator of consumers’ choice of store (Shim & Bickle, 1994). Osman (1993) considered shopping orientation groups according to those identified by Stone (1954) (economic shoppers, personalising shoppers, the ethical shopper and apathetic shoppers), and found the differences according to shopping orientation crucial to store image preference. Moye and Giddings (2002) also identified three groups according to shopping orientation and concluded that shopping orientation not only influences preference, but also the importance placed on store image attributes. Furthermore, Moye and Kincade (2002) confirmed previous studies and reported that, according to their study, all the clusters placed more importance on lay-out than on aesthetic dimensions. Moye and Giddings (2002) found an indirect relationship between store image and demographics, finding shopping orientation to be the mediator. Shim and Kotsiopulos (1992) tested a patronage model that included both the variables shopping orientation and store image; the results of their study once again indicated the crucial role that shopping orientation plays in predicting the importance of store image attributes.

**Store Image**

The concept of store image was used by Martineau (1958) for the first time. He defined it as
‘a store defined in customers’ mind partly based on functional attributes and partly based on psychological attributes.’ He claimed that store image includes its characteristic attributes and it makes customers feel the store different from others. Functional attributes are assortment of commodities, layout, location, price value relation, and service that consumers can objectively compare with other stores. Psychological attributes are attractiveness and luxuriousness that represent special attributes of that store. Many studies on store image followed Martineau (1958). Arons (1961) defined store image as complex of meanings and relation that make consumers distinguish the store from others. Thus, store image is …

An overall attitude of a consumer to the store, its attributes mean various things, and each store has a relative location in the consumer’s mind.

Bearden (1977) mentioned the influence of store image as ‘consumers choose stores that they feel close to their self image,’ and he tried to find out store image attributes that affect store choice and loyalty for downtown and suburban shopping centers. Hansen and Deutscher (1978) showed that store image and its attributes make an important role in the choice of retail stores in his study on image attributes. In their model of the process of store choice, Engel, Blackwell, and Miniard (1990) claimed that purchasers distinguished acceptable stores from unacceptable stores in the process of comparing their evaluation standards with perceived image attributes, and that ‘store image is a variable that consumers depend on in their choice of stores.’ James, Durand and Dreves (1976) found that image attributes influence consumers’ perception and attitudes and they are directly related to sales profits. Schiffman, Dash and Dillon (1977) focused on the description of image existing in the competing types of retailers and explained that store image attributes made an important role in the choice of store type.

Hildebrandt(1988) said, ‘major success factor in retail industry is store image and measurement model of store image that conceptualize the perception of store image attributes such as price level is used to forecast marketing performance as a business success measure.’ And he analyzed the relation between store image and store image attributes using causal relation model and found again that store image was a cause variable of store performance. Explaining the store image emphasizing design part, Levy and Weitz (1996) claimed, ‘Store tell customers with all visible outside factors and real set-
up structure of facilities make most of purchase possible.’ His claim means that purchases are resulted from the stimulus of store image to customers. From above, we can say that store image attributes can be an important explanatory variable in the choice of store.

**Store Satisfaction**

The basis on which overall marketing concept stands is on the identification and satisfaction of customer needs leading to improved customer retention (Day, 1994). Studies show varied definitions for the concept of satisfaction. Bloemer and Ruyter (1998) defined store satisfaction as the outcome of the subjective evaluation that the chosen alternative (the store) meets or exceeds expectations. This definition is based on the expectancy disconfirmation paradigm (Oliver & DeSarbo, 1988; Tse & Wilton, 1988; Yi, 1990). According to this paradigm, satisfaction results when customer expectations confirm the perceived store performance. Dissatisfaction occurs when customer expectations disconfirm the perceived store performance. A number of authors have viewed satisfaction as end-state-types (Bloemer & Odekerken-Schroder, 2002): satisfaction-as-contentment, satisfaction-as-pleasure, satisfaction-as-relief, satisfaction-as-novelty and satisfaction-as-surprise.

Store loyalty is being increasingly recognized as the ultimate objective of the store satisfaction measures. It is argued that higher the customer satisfaction, more will be the loyalty of customers to a store and higher the customer protection from competition (Fornell, 1992). While there has been debate as to whether different degrees of satisfaction have a stronger influence over the obtainment of loyalty (Bloemer & Ruyter, 1998), it is generally accepted that customer loyalty is determined to a large extent by customer satisfaction (Anderson & Fornell, 1994).

**Store Loyalty**

Based originally on the concept of brand loyalty, at the store level, store loyalty refers to the tendency to repeat purchase at the same store (for similar or other products) (Osman, 1993). Bloemer and Ruyter (1998), in conceptualizing store loyalty, distinguish between repeat visiting behavior and store loyalty. Following Jacoby and Chestnut (1978), Bloemer and Ruyter (1998) defined store loyalty as:

*The biased (i.e. non random) behavioral response (i.e. revisit), expressed over time, by
some decision-making unit with respect to one store out of a set of stores, which is a function of psychological (decision making and evaluative) processes resulting in brand commitment.

The critical element of this definition is store commitment. Bloemer and Ruyter (1998) propose that for store loyalty to occur, store commitment is the necessary condition and the absence of which leads to spurious loyalty. A consumer becomes committed to the store and, thereby, becomes store loyal based on the explicit and extensive decision making as well as evaluative processes done towards the considered store (Bloemer & Ruyter, 1998).

Previous studies viewed customer loyalty as being both behavioral and attitudinal (Day, 1969; Oliver, 1996). In measuring retail store loyalty, the attitudinal component of loyalty is operationalized as commitment and the behavioral dimension as repeat purchase and positive word-of-mouth (Bloemer & Ruyter, 1998; de Wulf & Odekerken-Schroder, 2003). Bridson, Evans and Hickman (2008) justified the use of both the behavioral and attitudinal aspects for a more holistic representation of the construct, with the multi-dimensional definition providing greater insight into consumer loyalty motivations than either component in isolation.

This research aims to identify the effects of shoppers’ buying behaviour, store image as the determinants of shopper satisfaction and store loyalty that have been shown to be antecedents of store loyalty by Oliver (1999), Yavas and Babakus (2008), and Toyin et al. (2008) on store loyalty in the context of Indian organized retailing. The major aim of the study is ascertain the factors influencing shopper’s choice and satisfaction towards a department store. Specifically, the present work aims to study the role of store image, amidst store satisfaction, in the formation of store loyalty; and to bring forth suggestions to improve store image, customer satisfaction and loyalty.

1.4 Nature and Scope of the Study
This study is descriptive in nature and will be conducted in phases. The first phase will deal with developing an appropriate research framework with facts and theories accessed from literature survey on factors influencing store image, satisfaction and loyalty in retail stores in general and department stores in particular. The aim is to develop the framework, which will then be used to serve meeting the research objective and sub objectives.
The second phase of the study will be an empirical study of department stores through the shoppers. The research approach would be Survey Research, through structured questionnaire and Interviews. The standardized and validated questionnaire after due pilot testing and suitable changes, if any, will be used for this.

This study is limited in its approach. The shopper buying behavior, store factors, satisfaction and loyalty are being examined only in the context of department stores specifically in NCR including Delhi, Faridabad, Ghaziabad, Gurgoan and Noida. Selected department stores namely Ebony, Globus, Lifestyle, Pantaloons and Shopper Stop are included in the study.

Yet the study is likely to contribute to the newly developing field of research on managing customer relationships, as issues are examined critically in the context of emerging retailing scenario. This will immensely help the retail sector in integration of right attitudes with service delivery and customer relationships endeavors so as to take more and more market shares and hence profits. The Study will evoke scope for further research in this emerging field for ultimate benefit of society at large.

1.5 Rationale of Study
During the past decades both marketing academics and practitioners have been intrigued by the relationship between satisfaction and loyalty (Dick and Basu, 1994; Fornell et. al., 1996; Hallowell, 1996; Kasper, 1988; LaBarbera and Mazursky, 1983; Newman and Werbel, 1973; Oliver, 1996). Most of these studies, however, have concentrated on products (brands) and to a somewhat lesser extent on services or channel intermediaries. Surprisingly, research on the relationship between store, shopper, and situational factors along with store image, 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 the managerial challenge of increasing store loyalty also presents the research challenge of a more in-depth understanding and an empirical estimation of this important type of consumer behavior.

There is some evidence that store loyalty may be (positively) related to store image (Mazursky and Jacoby, 1986; Osman, 1993). However, it has remained unclear what the
exact relationship between store, shopper, and situational factors along with store image, satisfaction and store loyalty in a retail setting is. For instance, one question that has been left unanswered concerns the issue whether there is a direct relationship between store image and store loyalty and whether there is an indirect relationship via store satisfaction. This study is an attempt to acknowledge the shoppers' buying behaviour and perceived store image that contributes to his/ her store satisfaction and loyalty.

1.6 Research Objectives
The relevance of the research is both from industry and academic viewpoints. The objectives of this research are…

1. To compare the service and quality offered by sample stores.
2. To ascertain the factors influencing shopper's choice and satisfaction towards a department store.
3. To find out the relationship between store satisfaction and store loyalty.
4. To bring forth suggestions to improve store image, customer satisfaction and loyalty.

1.7 Research Hypothesis
Research hypothesis, framed on the basis of research objectives illustrated above provide critical mass for analysis and evaluation of data and decipher concrete findings. The hypotheses framed for the study include…

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.

1.8 Research Methodology

1.8.1 Defining the Research Problem

Defining the research problem is an important step in research. The research of this proposal is to study, ‘An Empirical Study on factors influencing Store Image, Satisfaction and Loyalty in Department Stores’.
1.8.2 **Scope of Study**

The study covers the National Capital Region (NCR) that includes Faridabad, Ghaziabad, Gurgoan, and Noida besides Delhi.

Basis of selection of these cities is

a) Being cosmopolitan and resembling more of India, NCR has emerged as leading attraction for organized retailers

b) Also, NCR amalgamates metro and sub-urban areas, ensuring more vividness among shoppers and markets.

1.8.3 **Selection of Outlets**

While selecting outlets for the study, a number of factors are taken into account. Adequate representation is given to stores in Delhi and Satellite Townships (Faridabad, Ghaziabad, Gurgoan, and Noida). Stores Ebony, Globus, Lifestyle, Pantaloons, and Shoppers Stop taken for the study include both Delhi and Satellite Townships as locations for the study. Both malls and stand alone stores have been taken for the study.

1.8.4 **Questionnaires**

The questionnaire is prepared in English only. It is structured questionnaire that include questions and scales on all concepts included in hypothesis viz. Shopper’s Buying Behavior, Store Image, Satisfaction and Loyalty.

1.8.5 **Sample Design and Sample Size**

Five major department stores providers are selected i.e. Ebony, Globus, Lifestyle, Pantaloons and Shoppers Stop. Through random sampling, sample of 500 respondents is selected for administering the questionnaire. The data is collected from NCR including Delhi and Satellite Townships of Faridabad, Ghaziabad, Gurgoan, and Noida. Sample is selected in two phases:

In Phase 1, number of subscribers has been selected in the ratio of 50:50 on the basis of store format, Stand Alone Stores and Malls for all the selected five department stores.
In Phase 2, number of subscribers has been selected in the ratio of 50:50 for Delhi and Satellite Townships (Faridabad, Ghaziabad, Gurgoan, and Noida) for all the selected five department stores.

**Table 1.1. Stand Alone and Malls Shoppers**

<table>
<thead>
<tr>
<th>Store Brand</th>
<th>Format</th>
<th>Sample Size</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBONY</td>
<td>Stand Alone</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Mall</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>GLOBUS</td>
<td>Stand Alone</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Mall</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>LIFESTYLE</td>
<td>Stand Alone</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Mall</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>PANTALOONS</td>
<td>Stand Alone</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Mall</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>SHOPPERS STOP</td>
<td>Stand Alone</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Mall</td>
<td>50</td>
<td></td>
</tr>
</tbody>
</table>

**Table 1.2. Data Collection Framework**

<table>
<thead>
<tr>
<th>Store Brand</th>
<th>Location</th>
<th>Format</th>
<th>Sample Size</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBONY</td>
<td>Delhi</td>
<td>Stand Alone</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Faridabad</td>
<td>Mall</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>GLOBUS</td>
<td>Delhi</td>
<td>Stand Alone</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Ghaziabad</td>
<td>Mall</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Noida</td>
<td>Mall</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>LIFESTYLE</td>
<td>Delhi</td>
<td>Stand Alone</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Gurgoan</td>
<td>Mall</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Noida</td>
<td>Mall</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>PANTALOONS</td>
<td>Delhi</td>
<td>Mall</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Ghaziabad</td>
<td>Stand Alone</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Noida</td>
<td>Stand Alone</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>SHOPPERS STOP</td>
<td>Delhi</td>
<td>Stand Alone</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gurgoan</td>
<td>Mall</td>
<td>50</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Delhi</th>
<th>Satellite towns</th>
<th>Malls</th>
<th>Stand Alone</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>250</td>
<td>250</td>
<td>250</td>
<td>250</td>
<td>500</td>
</tr>
</tbody>
</table>

1.8.6 Methods of Data Collection

This study will be based on primary and secondary data. The main sources of secondary data will be published reports of AT Kearney Global Retail Development Index, National Council of Applied Economic Research (NCAER), Indian Council of
Industrial Economics and Research (ICIER), Year book of Statistics, Journals, Books and various websites of the retail players. The primary data will be collected through the questionnaire. Five major department stores are selected: Ebony, Globus, Lifestyle, Pantaloons and Shoppers Stop. Through a systematic random sampling, a sample 500 respondents will be selected for administering questionnaire at above mentioned stores with respect to store locations and store formats as detailed in table 1.2.

1.8.7 Limitations of the Study
Since data will be collected at the department stores at specific point of time, so shoppers who do not visit these stores and are not present in department stores at that point of time will not be part of the study. The study has geographical limitations as it covers only National Capital Region (NCR) and is confined to specific outlets.

1.9 Analysis of Data
The data collected will be analyzed using various statistical tools. After the data is collected, data analysis will be conducted to give the raw data a meaning. Data analysis involves entering data into computer files, inspecting the data for errors, and running tabulations and various statistical tests. The first step is the data cleaning. There after reliability and validity test will be performed to draw valid inferences from the data. Statistical tests will be carried out using SPSS version 16.0 for Windows.

1.10 Chapter Plan

Chapter 1: Introduction
This chapter covers the introduction and a brief overview of growth of organized retail sector in India. Research objectives and significance of study are also covered. This chapter briefly explains the conceptual framework of shopper’s buying behavior, store image, shopper satisfaction and store loyalty, research methodology used for selection of department stores, geographical scope, selection of variables and analysis of the tools required tools for the study.

Chapter 2: Review of Literature
This chapter covers studies related to retail sector, studies related to shopper’s buying
behavior, store image, shopper satisfaction and store loyalty. In studies related to shopper’s buying behavior, store image, shopper satisfaction and store loyalty review of literature has been studied from conceptual and practical aspects.

This chapter is devoted to the concept of Shopper's Buying Behavior, Store Image, Store Satisfaction and Shoppers’ Loyalty. These are the four constructs of the study. It studies the basic framework of these constructs and how they are related to each other. Each of the constructs basic paradigms is detailed and understood to lay down the conceptual detailing and basis for study.

Chapter 4: Growth of Retail in India
This chapter covers Indian retail industry and organized retail industry in India. This chapter elaborates with detail the growth of organized retail in India, the contributory and limiting factors and how organized retail in India will shape in years ahead. It also studies various organized retail formats and major organized retail players.

Chapter 5: Research Methodology
This chapter describes the research design and the procedures for conducting the study. Specifically, this chapter describes the instrument development including pilot testing and the sampling, data collection, and data analysis procedures. The data has been processed through the eleven steps in the Marketing Research Process.

Chapter 6: Data Analysis and Interpretation
In this chapter we analyze the research data. Factor analysis, one way ANOVA, GLM Univariate, GLM Multivariate, independent sample t test, correlation and regression analysis have been conducted to critically examine and relate the shoppers’ buying behavior, store image, store satisfaction and shoppers’ loyalty with respect to store location, format and brand. Store factors and the relationship it carves out between store brand, store location and their interaction too have been studied. Along with how store factors influence in determining the shopper’s buying behavior, satisfaction and loyalty too have been studied. The effect of satisfaction on store loyalty has been studied with respect to store format, store location and all store brands included in this study.
Chapter 7: Conclusion and Recommendations

The managerial implications, conclusion of the study and directions of the future research are presented in this chapter. This chapter begins with discussions on results and findings. Managerial implications of the study are elaborated in the subsequent section followed by limitations of the study along with the concluding remarks.

- Bibliography
- Questionnaire
References


