CHAPTER – II
REVIEW OF LITERATURE AND METHODOLOGY

This chapter presents a literature review on retailing, and explains the objectives and methodology adopted for the present study.

REVIEW OF LITERATURE

The review of literature is made to present views of writers on retail business and formats, consumer preferences and choices of stores and performance of retail stores and chains.

The importance of retail operations for consumers extends as far back as 1826 when Samuel Lord and George Washington Taylor opened the first department store (Frings, 1991). Since then, retail operations have become as diverse as the consumer groups they serve. (Jarnow & Guerreiro, 1991).

Customer perception has a big influence on a customer’s retail preference. It is important for retailers to know what customers’ preferences are in order to acknowledge future demands and shape their marketing strategies accordingly (Schiffman & Kanuk, 2000). A narrower segment of the store choice research by Monroe and Guiltinan (1975); Bellenger, Robertson and Hirschman (1976); Douglas (1976); and Winn and Childers (1976) has been devoted to studying individual difference variables, such as demographic, socio-economic, or psychological variables, as the key predictors of store choice. Mattson (1982) found one drawback of the research in this field has been that though the studies identified relationships, the strength of relationship with the store choice was found to be weak. According to Mitchel and McGoldrick, (1996); Mitchell and Harris (2005) the store choice has been seen in the context of the risk reduction strategies of the shoppers.
VIEWS ON RETAIL BUSINESS

Sinha, P.K.; Methew, E. and Kansal (2005) opined that hypermarkets have emerged as the biggest crowd pullers due to the fact that regular repeat purchases are a norm at such outlets. Hypermarkets not only offer consumers the most extensive merchandise mix, product and brand choices under one roof, but also create superior value for money advantages of hypermarket shopping. With product categories on offer ranging from fresh produce and FMCG products to electronics, value apparels, house ware, do it yourself (DIY) and outdoor products, the hypermarkets are becoming popular formats in India.

Barrat, (2006) and MacReady(2007) discussed practices of Wal-Mart to show how a retailer created discontinuities and satisfied consumers needs. In its attempt to increase sales volumes, it created a new business model, the so-called “Walk in Clinic”, where shoppers can visit nurse practitioners in independently operated clinics set up within the stores. They offer basic services ranging from vaccinations to diagnostic screenings to prescriptions and treatment for minor problems like sore throats, skin infections and sprained ankles. Everyday low prices is the basic idea behind this retail approach which aims to routinise medical care, reduce waiting times and offer longer opening hours. The lesson from their practices is:

This consumer centric corporate governance helped them to differentiate their retail outlets. They developed something unique which is valuable and useful for a customer, an innovation within the retail sector.

Retailers have to try to create memorable brand interactions that resonate with their target consumer by making stores immersive and combine branding with entertainment, i.e.
construct their own world of experience. Exhibit 2-1 presents the case of American Girl Place.

**Exhibit-2-1 Experience retailing**
The Pleasant Company, founder of the American Girl Place\(^{21}\), a combination between retail and entertainment site designed especially for girls. Each store features boutiques, a cafe, and a professional theatre. The stores have won numerous awards, recognised as premier models for experiential retail. They moved from a traditional toy shop to direct selling through their own retail outlets and finally to a branded retail experience. They bring the children to the brand, so that they get emotional involved with the brand, they create a long-term customer relationship while increasing the demand for the products, from push- to pull-marketing, and reducing traditional media spending.

The German car manufacturer Volkswagen created its own theme park „Autostadt“\(^{22}\) in Wolfsburg (Germany), offering a combination between a museum, a contemporary art exhibition, a presentation platform for their car brands, a cinema and various other leisure experiences.

**Source:** For more details [http://www.americangirlplace.com](http://www.americangirlplace.com), [http://www.autostadt.de](http://www.autostadt.de)

**CUSTOMER PERCEPTIONS, DECISIONS AND BEHAVIOURS**
Studies pertaining to customer, perceptions, preferences, decisions and behaviours are found in literature pertaining to retailing.

**Influence of demographics**
Hansen (1976) indicated that low-income consumers tended to be more concerned with issues related to who shopped at the store and less concerned about the store’s selection of merchandise or fast checkout.

Hansen and Deutscher (1977-1978) found several differences between demographic segments with regard to store attribute importance. Their results indicate, for example,

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\(^{21}\) For more details [http://www.americangirlplace.com](http://www.americangirlplace.com)

\(^{22}\) More information under [http://www.autostadt.de](http://www.autostadt.de)
that older consumers and those with lower income and education levels tended to place more weight on store advertising and its policy on adjustments, whereas younger and better education consumers are more concerned about prices and convenience. The study of Crask and Reynolds (1978) dealt with frequent and non-frequent shoppers to the departmental stores, and found frequent patrons tended to be younger, more educated, and had higher incomes.

Semenik and Hortman, Allaway, Mason and Rasp (1990) suggested that the elderly placed importance mainly on low prices, the atmosphere of the stores and the quality of merchandise and convenience. Sampson and Tigert (1992) found that warehouse club members were more upscale as compared to the general population, were more educated and had higher incomes.

A psychographic study among the elderly by Oates, Shufeldt and Vaught (1996) found the significance of lifestyle as the primary determining factor in store attribute importance. The study revealed that lifestyle groups of elderly consumers differed significantly when considering store and personnel quality such as fair prices, quality products and well-known brands. Similarly, Arnold (1997) found significant differences between the demographic profiles (e.g. age, education, household size) of large-format department store shoppers and non-shoppers. The work of Carpenter and Moore (2006) found that certain demographic groups were associated with certain store formats.

Decision making process

Blackwell et al., (2006) opined that the decision-making process as a whole, as well as each stage in the process, is influenced by a number of external influences (for example the family, culture and reference group) as well as internal influences (for example perception, motivation and personality). Assael ,(2004) Blackwell, Miniard & Engel (2006), Schiffman, Kanuk & Hansen ,2008, Rousseau ,(2007),had shown that the consumer decision-making process comprises a number of stages, namely need
recognition, search for information, evaluation of alternative options that could meet the consumer’s expressed need, purchase and post-purchase evaluation.

**Shopping motives**

Shopping motives refer to a customer’s needs and wants related to the choice of outlets. Sheth (1983) identified three antecedents for shopping preference among an evoked set of alternative outlets: shopping motives, shopping options; and choice calculus. According to him shopping motives are made up of consumers’ wants and needs and are influenced by personal values as well as product related characteristics.

**Consumer Perceptions**

Huddleston, Ford and Mahoney (1990) analysed the relationship between the importance placed on retail store attributes and lifestyle of mature female consumers. The results showed that certain lifestyle characteristics were related to the importance placed on store attributes: credit attributes, importance of quality and price attributes and age related attributes such as salespeople own age and delivery to home.

Du Plessis & Rousseau (1999) believed that consumers’ perceptions have an effect on their actions, buying habits and leisure habits. These perceptions determine the way in which they see brands, services and stores. It is therefore important for any business to have a successful marketing mix, consisting of the product, price, distribution and promotion, in order to fulfill the needs of its customers.

Longenecker, Moore, Petty and Palich (2006) and Etzel, Walker and Stanton (2007) contend that consumers’ perception is not only determined by the characteristics of the stimuli, but also the characteristics of the consumer him or herself. It is therefore essential that marketers obtain a thorough understanding of their target markets as well as how consumers will perceive various marketing-related stimuli.
Etzel et al. (2007) explain that the four elements of the marketing mix, namely product, place, distribution (or location in the case of a store) and promotion, could influence consumers’ perceptions of the business, and therefore their selection of a store.

**Multi-purpose shopping**

Ghosh (1986) briefly discussed the importance of multi-purpose shopping to both the shopper and the retailer and the geographic and rural influences on retail business. He observed that Malls would afford those pursuing a multi-purpose agenda the opportunity to do so more effectively and in a pleasant environment. Retailers may go for experimentation to identify the winning format suited to different geographies and segments. For example, the taste in south is different from that in north and this brings challenges to the retailers. Therefore, most of grocery retailers are region-centric. Apart from geography even rural and urban divide poses different kind of challenge to the retailer.

**Multioptional consumer**

Studies by Sinkovics (1999) and Schüppenhauer, (1998) on current developments of consumer lifestyles, has shown that consumer has become “multioptional”. This type of customer demonstrates a multidimensional, divergent behaviour, which means that he acts simultaneously, being experience-, convenience- and brand-oriented, also being price-, environmental and health conscious.

Popkowski Leszczyc and Timmermans (1997) show that different preferences for stores based on the composition of the basket of goods to profit from the lowest prices at the various stores or by engaging in multistop, multipurpose trip behaviour.

Solgaard and Hansen (2003) opined that actually it has been seen that many consumers regularly visit two or more stores simply because they undertake shopping trips from different places as home, office etc.
Experience oriented shopper

Weinberg (1992) and in later years Schulze(2000) and Opaschowski,(2002) opined that “experience orientation” is one of the fundamental changes in values in our society. This development involves a preference for experience-oriented formats alongside a growing interest in convenience and low-price formats (“discounters”).

Gruen (1973) observed the “malltainment” trend that has malls providing large areas focused on entertaining consumers while they are in the facility. Sherrell (1989) referred that consumers receive pleasure in addition to merchandise as outcomes of a shopping trip. Consumers visit stores to derive pleasure from the visit itself. Reynolds and Beatty(1999) proposes the idea of Shopping enjoyment. Satisfaction is derived from the shopping activity itself.

Hennings (2000) believed that the emergence of specific subcultures and lifestyles can lead to organization of daily life and these developments imply consequences for a retailer’s marketing mix. He asserts that the creation of product and brand experiences has become an important marketing objective, especially in saturated markets. It can be used as an effective tool for differentiation from competitors. The communication of experiences can help to strengthen a consumer’s emotional relationship with a supplier and the creation of a preference for him. On the other hand functional product features become less important.

Kroeber-Riel (2007) estimates that a "dematerialization of consumption" might occur, because consumers no longer buy products and services due to their functional benefits but more because of their intangible benefits. Latter imply emotional consumer experiences, which contribute to a consumer’s quality of life.

Mueller-Hagedorn (2003) provides a suitable explanation where starting points for a concretization of a retail experience can be found. An experience can be related either to the purchased goods or services, but it can be also related to the phases of the buying
process itself. In both cases human senses, pleasant impressions and/or mental constructs, like emotions, feelings and satisfaction, have to be taken into account.

**Individualism in decisions**

Kroeber-Riel and Esch (2000) opined that this value orientation can be used as an indicator for an overall trend, to achieve an independent lifestyle. This trend characterizes the individuality with which demands of life, like tangible goods and services, are formulated and subjectively perceived. This emotionally experienced individuality, a so-called “individualisation”, is reflected in all areas of life, including the consumption of products and services.

**Influence of Information**

Dash et al. (1976) found shoppers having higher levels of pre-purchase information shopped at specialty store, while those with low pre-purchase information purchased at departmental stores. In another study, Bell and Lattin (1998) demonstrated that large basket shoppers preferred EDLP formats, while, small basket shoppers, preferred HiLo stores, similar results were arrived at by Bell, Ho and Tang (2001). Sinha and Banerjee (2004) found the store choice behavior of shoppers has been quite similar to the brand choice behaviour of the consumers, with a difference being the incorporation of the spatial dimension in store choice.

**Customer loyalty**

Consumer values

Erdem, Oumlil and Tuncalp (1999) examined the linkage between consumer values and the importance of some salient store attributes. They found that the important judgments for store attributes were influenced by the set of terminal and instrumental values viewed as important by the consumers. But even though the importance of store attributes were related to both kinds of values, there was a disproportionate predominance of terminal values in this influence.

Consumer religiosity

Apart from other personal characteristics such as lifestyle activities, values and demographics such as age, income, gender, occupation and education attainment, limited research indicates that religiosity appears to influence some aspects of retail store evaluative criteria. McDaniel and Burnett (1990) investigated the influence of religiosity on the importance of various retail department store attributes held by consumers. In their study, religiosity was viewed from two perspectives: religious commitment and religious affiliation. The results of this study show that one aspect of religiosity, religious commitment, particularly measured by cognitive religiosity and one aspect of behavioral religiosity are significant in predicting the importance individuals place on certain retail evaluative criteria. Consumers with a high degree of cognitive religious commitment viewed sales personnel friendliness, shopping efficiency, and product quality as being of greater importance in selecting a retail store than did those low in cognitive religious commitment. Religious contribution, a behavioral component of religious commitment, was positively and significantly associated with sales personnel friendliness/assistance and credit availability.

STORE CHOICES

To capture store choice, it is essential that, both the store attributes as well as the shopper attributes are captured.
In the study conducted by Kau and Ehrenberg (1984); Uncles and Hammond (1995); Popkowski Leszczyc and Timmermans (1997) found that the problem comes from the fact that in the existing studies on store choice, the relationship between store choice and the shopper attributes are very weak. An analysis of the store switching behaviour by Galata, et.al, (1999), revealed modest levels of inter-format switching, but a large extent of intra-format switching, their study further found that when shoppers switch they choose a store of the same format. This again indicates that, the choice is at two levels, the format and then the store. Substantiating this, Bhatnagar and Ratchford (2004) found that consumers evaluate a group of stores on a set of attributes and then, depending upon their individual preferences, patronize the best store. It has generally been seen that all the stores in the choice set are in the same formats. This indicates that the first choice for the shopper is that of the format and store is the subsequent choice.

Sinha and Banerjee (2004), discovered different drivers of store choice for different merchandise categories such as grocery, durables, pharmacy, apparel. The importance given to store attributes varies from market to market even for the same store format and the same merchandise categories.

**INFLUENCE OF 4 PS**

Besides marketing –mix, there are other factors are important for retailers.

**Product:**

Wood (2004), Longenecker *et al.* (2006), and Manning and Reece (2007) suggest that customers perceive the *product’s* value based on its benefits which, in turn, is influenced by the product’s performance, features, quality, warranties, packaging and labelling. Jung and Pysarchik (2004) note that Indian consumers’ attitude towards new products are changing significantly and this can increase their intention to shop in new retail formats such as supermarkets. Thus, product attributes such as quality, price, and availability of new products are important constructs within the Indian context.
Vishwanathan and Childers (1999) proved that the Choice theory suggests that, consumers’ decision making process depends on certain basic product attributes. Uusitalo (2001) found Consumer preferences of product attributes vary according to product nature and socioeconomic nature of consumer. The attributes model proposed by Gwin and Gwin (2003) posits that consumer choice is based on maximising utility from the product attributes subject to budget constraints. According to Gwin and Gwin (2003) the basic product attributes used in previous studies are quality, price, variety, assortment and value of the products.

**Price:**

Price is one of the easily noticeable attributes (Arnold, Oum and Tigert, 1983, Bell, Ho and Tang, 2001; and Freymann, 2002;) and considerable work exists, on how, the price of store offerings, affects the store choice.

Litz & Stewart1(1998) shown that smaller retailers often charge higher prices for their products as they could be restricted by less financial resources, resulting in higher purchasing costs, as they cannot afford to buy in bulk, whereas franchise prices may be lower because of higher volume purchases.

Du Plessis and Rosseau (1999) explain that price’s effect on consumer behavior is more direct and immediate and that consumers’ perception of price, whether high, low or fair, could have a strong influence on their purchase intentions and, ultimately, their satisfaction.

**Place/ location**

Huff, 1964; Craig, Ghosh, and McLafferty 1984, and Brown ,1989, found store location plays an important role in the store choice.
Meyer and Eagle (1982) found in the store choice literature gives primacy to the store location and believes that the consumers are influenced by the travel costs of shopping. Fotheringham (1988) found while brand choice is independent of the location aspect, and is not affected by it; the store choice is very much influenced by location.

Ghosh and Craig (2001) suggest that retailers can capture a larger share of potential customers by choosing a better location than their competitors. Hawkins and Mothersbaugh (2010) support this view by explaining that a store’s location plays an important role in consumer store choice as consumers would generally choose a store that is located closest to them when all other things (for example price, product variety, brand names) offered by competing stores are equal.

**Promotions**

Fam & Merrilees (1998) opined that *Promotion* includes advertisements, sales presentations and exhibits that could influence consumers’ perceptions of a retail store, as consumers are made aware of the products and services businesses sell through their promotional activities.

Pride & Ferrell (2010) have given other aspects under marketers’ control that could also influence consumers’ perceptions of a retailer or store include a store’s image and related store image attributes (for example accessibility to the store, parking facilities offered, credit card facilities, displays, lighting, cleanliness), quality of supporting services provided and whether a personal relationship exists with the store owner or employees.

**STORE IMAGE**

Store image, as one of the determinants of store choice, is largely based on store attributes, which can gain a selective advantage for retailers in the minds of consumers. Coupled with such consumer characteristics as shopping orientation, store attributes help retailers to predict which shopping outlets people will prefer.
Concept of store image

Martineau (1958) was the first writer to introduce store image concept. He described store image as “the way in which the store is defined in the shoppers mind, partly by its functional qualities and partly by an aura of the psychological attributes”. In Martineau’s words, “regardless of the ability to pay, all shoppers seek stores whose total image is acceptable and appealing to them individually”. He states that the store’s personality draws shoppers to one store rather than another. Martineau says that not only should retailers be concerned with value and quality of merchandise, but also with a wide range of other factors. All of these factors are expected to play a critical role in the success or failure of stores.

Importance of store image

Hildebrandt (1988) said, “The major success factor in the retail industry is store image and measurement model of store image that conceptualize the perception of store image attribute such as price level is used to forecast marketing performance as a business success measure”. Wedel (1991) mentioned that the consideration of store image made an important role in the development of marketing strategies for shoppers’ loyalty of both individual and chain stores and shopping centers. Research on store image has undoubtedly acted to inform retailers on the positioning strategies for their outlets, enabling them to differentiate their stores in terms of their products, their prices, or the services they offer (Wortzel, 1987; Birtwistle, Clarke and Freathy, 1999).

In the context of the retail sector, the ‘overall’ image is termed as store attributes or store image. These store attributes are basically the marketing mix of the retailer (Morschett et al 2005; Ghosh 1990). Store image is also recognized as being an important antecedent of store satisfaction and loyalty. Store loyalty is built by satisfaction and this satisfaction, in its turn, is built by store image (Bloemer and Ruyter 1998).
Varley, (2005) opined that consumers use store image as an evaluative criterion in the decision-making process of selecting a retail outlet (Store attributes refer to the underlying components of a store image dimension like merchandise, physical facilities, services, atmospherics and so on). Store image has been found to be linked to store loyalty and patronage decisions (Assael, 1992; Wong and Yu, 2003).

**Measurement of store image**

Research on store image has yielded a large number of attributes (Martineau, 1958; James *et al.*, 1976; Peter and Olson, 1990).

**Multi-attribute model**

In their effort to understand how consumers make store choice decisions given a set of store attribute preferences, researchers have emphasized the extent to which consumer attaches “importance” to attributes of individual stores. This interest is grounded in the traditional multi-attribute model set forth by Fishbein and Ajzen (1975) depicting the relationship between belief, attitudes and behaviour. They posit that a person’s attitude toward a given object is a summation of beliefs about the object’s attributes weighted by the evaluation of the importance of these attributes. Within this model, beliefs involve perceptions of the object’s attributes. In addition to beliefs about an object’s attributes, this model accounts for the importance assigned to an attribute. Thus, attitude can vary substantially by how important attributes are to a consumer.

Applied to the retail situation, the multi-attribute model indicates that a consumer’s attitude toward a retail store is a function of (a) the degree of importance attached by the consumer to various store attributes, and (b) the consumer’s perception of the degree to which a retail store possesses each attribute.

Engel et al. (1995) found that if consumer’s perceptions of the store attributes are positive, then they may decide to purchase from the store. On the other hand, if
consumer’s perceptions of the store attributes are negative, then they are unlikely to shop in the store.

The role of store atmospherics, store ambience and store environment has also been studied as a part of store attributes. Every retailer must examine for which special area he can gain competence and which experience area has the largest profiling potential (Weinberg, 1992; Kroeber-Riel, 1984), but it has been verified that the appraisal of both internal "atmospheric" elements, such as design, lighting and temperature, and external elements, such as parking facilities, accessibility, can affect consumers attraction to a shopping facility, influences a consumer's desire to remain longer in an outlet (Babin and Attaway, 2000; Bitner, 1992; Wakefield and Baker, 1998) and a consumer’s in-store shopping behaviour (Tai Fung, 1997). Additionally this experience value of the shopping outlet contributes to the subjective quality of life of consumers (see Weinberg, 1992).

Lindquist (1974) has proved that apart from the components of the marketing mix, store image attributes include components such as customer service, parking facilities, security, credit card facilities and the relationship of the client with the store owner and/or the employees. According to him store image consists of a combination of tangible (or functional) and intangible (or psychological) factors that consumers perceive to be found in retail stores.

Bearden (1977) states that store atmosphere, location, parking facilities, and friendliness of store people are the salient factors that influence consumer store patronage.

Gripsrud and Horvetak (1986) opined that consumers tend to base their patronage decisions on the shopping complex rather than on individual stores. Hansen and Deutscher (1978) used a base of 485 consumers in Ohio and examined the relative importance of the various aspects of retail image to different consumer segments. They made comparison of different attributes across departmental and grocery stores to indicate congruence and concluded that the same attributes are important across different types of stores.
Heinemann (1989) has tried to identify major differentiation factors for retailers by conducting an empirical analysis. It was based on key performance factors such as assortment, service, price, communications policy, layout and design. One performance factor has emerged as the most important and effective one, the design of a shopping outlet.

Kahn and Schmittlein (1989) found that store choice is dependent on the timing of shopping trips, with consumers visiting smaller local store for short “fill-in” trips and larger store for regular shopping trips.

Engel, Blackwell and Miniard (1990) found that purchasers distinguished acceptable stores from unacceptable stores in the process of comparing their evaluation standards with perceived image attributes and mentioned that “store image is a variable that consumers depend on in their choice of stores”.

Arnold et al (1983) used consumer cross-shopping data to study food store choice in developed countries. They found that the following were important food store choice determinants:

1. Location
2. Assortment
3. Price
4. Fast Check-Out’
5. Friendly & Courteous Service
6. Weekly Specials; and

A study by Cassill et al. (1993) found that consumers chose to patronise individual department stores for clothing purchases when a combination of factors present: the stocking of particular brands; the presence of national and own-branded products; and where garments offered functional value rather than fashion appeal.

In their study on the segmentation of retail markets based on store image, Steenkamp and
Barich & Srinivasan (1993) selected 6 store image components - product variety, product quality, store attractiveness, reasonable prices, convenience, and customer service.

Arnold, Handerman and Tigert (1996) surveyed low-priced department store shoppers in five different cities in the US and Canada. They found that a store which was identified as being the best on the performative attributes such as location, convenience, price and assortment of merchandise was more likely to be patronized by customers. The study also revealed that a store identified as having a strong community reputation not only directly affected store choice, but also moderated the effect of location, price and assortment attributes.

Lee and Johnson (1997) found that customer expectations of store attributes also differ according to store type. They observed that customers did not expect much customer service at discount stores while they expected extensive service from specialty stores. In an effort to determine how consumers organise their shopping trips when faced with an increasingly enlarged set of retail formats,

Bell and Lattin (1998) has shown that there exists a logical relationship between a household's shopping behavior and store preferences.

Leung and Oppewal (1999) had conducted research on the roles of store and brand names in consumers' choice of a retail outlet and concluded that a high-quality brand or high-quality store is sufficient to attract the customer to a retail store. The study also revealed that store names have a larger impact on store choice than the brand names of the products that these stores have on offer.

According to Moye (2000), consumers engage in a comparison process in their minds to determine whether their evaluation of the relative importance of store attributes aligns with their perceptions of these attributes. If the two factors match, then the consumer chooses the store. Consumer compares the importance of store attributes with the store image (i.e. overall perception) to determine acceptable and unacceptable stores.
Popkowski-Leszczyk and Timmermans (2001) found that consumers tended to choose a variety of stores and overall preferred to shop at specialty stores. Furthermore, consumers were increasingly likely to select a single store when prices were lower, parking costs were less, better assortments were offered, travel time was reduced and checkout lanes were shorter.

Baker, Parasuraman, Grewal, and Voss (2002) studied how store environment cues influence consumers’ store choice decision criteria, such as perceived merchandise value and shopping experience.

Paulins and Geistfeld (2003) opined that consumers’ perception of store attributes influenced by retail formats, type of products, cultural value, shopping intention and customer base.

Paulins and Geistfeld (2003) showed that apparel store preference is affected by type of clothing desired in stock, outside store preference, shopping hours and store advertising. Accordingly, consumer’s perceptions of store attributes were found to vary by store type.

Lindquist and Sirgy (2003) suggested that psychological attributes are a little more difficult to identify and compare across outlets. They include such objective considerations as a sense of belonging, a feeling of warmth, or friendliness, or a feeling of excitement. Consumers form an outlet image based simultaneously on functional and psychological attributes.

According to Levy and Weitz (2003), the store satisfaction is a post consumption evaluation. However, previous research suggests that the merchandise or product type & other environmental factors influence the customer evaluation of the store image (Sinha, Banerjee, and Uniyal, 2002).

In a study to determine predictors of store choice in the Indian market, Sinha and Banerjee (2004) find the following factors determining store choice: Proximity;
Merchandise; Ambience; Service; & Patronized store. Sinha and Banerjee add that for grocery stores the most important factors are: Proximity; Visiting for many years & Relationship with retailer.

In a study in Germany Morschett et al. (2005) extracted the following factors:

- Quality of Performance (store design, orderliness, service, quality of assortment);
- Scope of Offers (OSS & variety); and
- Price Level (Price).

Chang and Tu (2005) found store attributes such as service offering, activities, facilities and convenience have major influence on customer satisfaction and loyalty.

Hedrick et al (2005) propose that store environment and store atmospherics can influence customer's expectations on the retail salesperson. They conducted a study on sales people and store atmosphere, and identified that customer's perceptions of a salesperson's attributes and relationship building behaviors’ were important drivers of customer satisfaction. In retail, intentions are usually determined by a willingness to stay in the store, willingness to repurchase, willingness to purchase more in the future and willingness to recommend the store to others.

Kaul (2005) made a study on which store attributes are appealing for self-image of consumers and their impact on in-store satisfaction and patronage intentions. She concluded that service expressiveness value is distinct from the performance value obtained from service delivery. Consumers satisfied with service quality are most likely to become and remain loyal. He further observes that a store having modern equipment, good and clean physical facilities and ease in transactions would be able to yield satisfaction and patronage intentions.

Tripathi and Sinha (2006) have studied retail store choice not from the perspective of an individual but of the family. They argue that it is mostly the family and not the individual who is the consumer of the retail offering.
Visser et al (2006) studied the importance of apparel store image attributes as perceived by female consumers by means of eight focus groups. Results indicated that merchandise and clientele were perceived as the most important dimensions, followed by service; physical facilities were the least important.

Yildirim et al (2007) did a study focusing on determining the effects of a store window type (flat or arcade) on consumers’ perception of store windows (promotion, merchandise and fashion) and shopping attitudes (intentions for store entry and purchase) in the context of retail outlets. To test the assumption that there are relationships between various types of store windows and consumers’ perception of store windows and shopping attitudes, they conducted a study based upon digital pictures of two types of store windows hypothetically located in a big store. Results revealed that consumers seem to have a more positive perception of flat windows than arcade windows with respect to promotion, merchandise and fashion.

Carpenter and Moore (2006) in their study examined store attributes (e.g. price competitiveness, product selection, and atmosphere) as drivers of format choice.

In a study exploring the key factors influencing customer preferences as applied to the concept of “Amul Preferred Outlets” (which are franchisee run food retail outlets) Rao & Kapoor (2006) identified 14 variables to study the store choice criteria. These 14 factors were subject to data reduction through factor analysis that identified three factors namely: Convenience; Snacks Joint and Value added services.

Min (2006) found that eleven store attributes are perceived important by shoppers in the US.

1. Quality of products
2. Special Products.
3. Variety of merchandise
4. Competitive prices
5. Fast Check-out
6. Cleanliness
7. Proximity;
8. Store hours;
9. General services;
10. Employee courtesy; and
11. Ease of payment

Sondhi and Singhvi (2006), found the following factors—through Principle Component Analysis (PCA)—to be important determinants of apparel store choice:

1. Quality judgment - quality of merchandise, touch & feel;
2. Available range- depth and width of merchandise, availability of merchandise;
3. Customization- convenience in locating desired product, alteration facility
4. Value for time- shopping time, speed and quality
5. Customer care- personal attention, recommendation based on personal preference.

More studies on store attributes are given in Table II.1:

**Table II.1 Previous research on store attributes**

<table>
<thead>
<tr>
<th>Serial. No.</th>
<th>Author(s)</th>
<th>Major findings</th>
</tr>
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<tbody>
<tr>
<td>1.</td>
<td>McGoldrick, 2002</td>
<td>Public transportation in terms of accessibility and free parking are factors that come under location.</td>
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<tr>
<td>2.</td>
<td>Hawkins <em>et al.</em>, 2004</td>
<td>If all other things are approximately equal, a consumer will generally select the closest store.</td>
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<tr>
<td>3.</td>
<td>Bell and Lattin, 1998</td>
<td>Willingness to travel varies with the size of the shopping list for that trip.</td>
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<tr>
<td>4.</td>
<td>Bawa and Ghosh, 1999</td>
<td>Consumers are found to shop for multiple items, rather than a single item, on a single trip. The longer the list, the further are shoppers prepared to travel, than for a smaller list.</td>
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<tr>
<td>Serial. No.</td>
<td>Author(s)</td>
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<td>5.</td>
<td>Desai and Talukdar, 2003</td>
<td>The contents of a typical consumption basket would affect the shopper's perspective of the store and affect choice of store.</td>
</tr>
<tr>
<td>6.</td>
<td>Mendes and Themido, 2004</td>
<td>Location plays an important role in the success or failure of an outlet.</td>
</tr>
<tr>
<td><strong>Size</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Simonson, 1999</td>
<td>Unless the customer is particularly interested in fast service or convenience, he/she would prefer large outlets over small ones.</td>
</tr>
<tr>
<td><strong>Price reduction</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Ehrenberg <em>et al.</em>, 1994</td>
<td>A sharp increase in sales was observed when price was first reduced, followed by a return to near normal sales over time or offer the end of price reduction.</td>
</tr>
<tr>
<td>10.</td>
<td>Bell and Lattin, 1998</td>
<td>Shoppers who purchase a large number of items at one time prefer stores with Every Day Low Prices (EDLP).</td>
</tr>
<tr>
<td>11.</td>
<td>Schiffman and Kanuk, 2008</td>
<td>Consumers have a perception of low overall prices of those stores that offer a small discount over a large number of items. Thus frequency of price advantage is stronger over the magnitude of price advantage.</td>
</tr>
<tr>
<td><strong>Outlet atmosphere</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>Berman and Evans, 2007</td>
<td>A retailer's image depends largely on its ‘atmosphere’, which is the psychological feeling a customer gets when visiting that retailer.</td>
</tr>
<tr>
<td>13.</td>
<td>Kotler, 1973</td>
<td>Atmospherics is the process managers use to manipulate the physical retail or service environment in order to create specific mood responses in shoppers.</td>
</tr>
<tr>
<td>Serial. No.</td>
<td>Author(s)</td>
<td>Major findings</td>
</tr>
<tr>
<td>------------</td>
<td>-------------------------------</td>
<td>---------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Flooring</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15.</td>
<td>Berman and Evans, 2007</td>
<td>People shop longer and spend more if they are not pushed while walking or looking at merchandise.</td>
</tr>
<tr>
<td>Lighting, music and odor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.</td>
<td>Hui et al, 1997</td>
<td>Music enhances the perception of waiting time for service.</td>
</tr>
<tr>
<td>18.</td>
<td>Berman and Evans, 2007</td>
<td>Slow tempo music encourages shoppers to move slowly.</td>
</tr>
<tr>
<td>19.</td>
<td>Mattila and Wirtz, 2001</td>
<td>Odors can have a positive effect on the shopping experiences, particularly when coupled with other aspects like music in the store.</td>
</tr>
<tr>
<td>Temperature</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20.</td>
<td>Berman and Evans, 2007</td>
<td>Store image can be influenced by central AC, unit AC, fans or open windows.</td>
</tr>
<tr>
<td>Colors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21.</td>
<td>Berman and Evans, 2007</td>
<td>Choice of colors for the walls should be in consonance with the target audience. Sometimes when colors are changed customers may not be comfortable initially, till they adjust to the new color scheme.</td>
</tr>
<tr>
<td>Sales personnel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22.</td>
<td>Hawkins et al, 2004</td>
<td>The likelihood of interaction with sales persons increases with the degree of involvement in purchase.</td>
</tr>
<tr>
<td>24.</td>
<td>McGoldrick, 2002</td>
<td>Sales personnel can be seen as the extension of the store image and can play a significant role for repeat purchase and increasing satisfaction.</td>
</tr>
<tr>
<td>Serial. No.</td>
<td>Author(s)</td>
<td>Major findings</td>
</tr>
<tr>
<td>------------</td>
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<td>----------------</td>
</tr>
<tr>
<td><strong>Customer space</strong></td>
<td></td>
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</tr>
<tr>
<td>25.</td>
<td>Berman and Evans, 2007</td>
<td>Customer space can contribute to the shopping mood and may include a lounge, benches, dressing rooms, rest rooms, restaurant, parking and so on.</td>
</tr>
<tr>
<td><strong>Technology</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26.</td>
<td>Berman and Evans, 2007</td>
<td>A store with state-of-the-art technology impresses people with its operations and speedy services.</td>
</tr>
<tr>
<td><strong>Merchandise</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27.</td>
<td>Engel <em>et al</em>., 1995</td>
<td>Apart from location of merchandise in the store, the range of merchandise is another crucial dimension both variety (number of different merchandise categories) and assortment (number of different items in a merchandise category) are crucial.</td>
</tr>
<tr>
<td>28.</td>
<td>Levy and Weitz, 1998</td>
<td>Explicit visibility of offerings (tonnage merchandizing) is expected to influence a consumer's store choice.</td>
</tr>
</tbody>
</table>

To sum up, based on the literature the common attributes used by most of the researchers in their studies are:

- Merchandise quality
- Merchandise range
- Level of services
- Facilities
- Layout
- Atmosphere
- Location
- Quality of display
- General reputation
- Image
- Prices
Research Gap

It is found considerable research has been directed towards store attributes and customer loyalty in western countries. However, limited attention has been paid to this issue in developing countries.

Evidently there is no study in the Indian context that is comprehensive in this approach by comparing and contrasting the best practices of two hypermarket chains, identifying the perceptions of customers of hypermarkets within the selected area of study (within Bangalore, Karnataka) and identifying the gap between their perceptions. The present study finds relevance in view of such gap. An effort is being made in order to bridge the gap between the service perceptions of customers by giving suggestions to the management of hypermarket chains to improve its performance in the light of emergent competition and changing customer preferences. This study is seeking to investigate the marketing practices of two hypermarket chains.

Research Questions

The research questions are as follows:

(1) What are the various factors influencing customers to visit these hypermarkets chains?
(2) What customers’ prefers to purchase at hypermarkets?
(3) What are the similarities and differences of Big Bazaar and TOTAL?
(4) What is the customer’s opinion on Big Bazaar and TOTAL?
(5) What ratings customers give to Big Bazaar and TOTAL?
Objectives of the study

The objective of the study is to analyze performance of two hypermarkets retail chains i.e. Big Bazaar and TOTAL. For this, it seeks to find out opinions of customers on the marketing practices of selected stores.

Specifically, the study is designed with the following objectives

- To compare the marketing approaches of Big bazaar with TOTAL
- To find out perceptions of the customers on the retail chains.
- To find out the shopping behavior of the customers.
- To suggest measures that would help serve customer in a better way and achieve customer’s preference

Scope

The study is limited to only hypermarket format of retailing. It deals with the comparative study of only two hypermarket chains selected for the study. Here the focus is only on their marketing practices and customer’s opinion. The study is limited to the comparison of only some of the attributes of hypermarket, which are responsible for the customer’s preference.

Store attributes and Attitude Measurement

To measure the perceptions of the store, the elements of store image should be established. To measure the attitudes toward the store, the attitude model must be selected. McGoldrick's fourteen image components are used in this study (McGoldrick and Ho, 1992). It is because McGoldrck's positioning studies are the latest study in this aspect, these components summing up the most useful elements of the various previous image studies. Also, he made use of such study across different places such as Strasbourg, Chester, Hong Kong and it has proved to work very well.
The fourteen components as proposed by McGoldrick are:

1. Merchandise quality
2. Merchandise range
3. Merchandise fashion
4. Level of services
5. Facilities
6. Layout
7. Atmosphere
8. Location
9. Quality of display
10. Advertising
11. General reputation
12. Reliability
13. Image
14. Prices

By using these fourteen components as basic framework, a meaningful comparative study could be conducted.

**McGoldrick's International Positioning Surveys**

As mentioned in the previous section, McGoldrick's fourteen image components are used in this study because of his former successes in conducting surveys in various countries. Through the discussion with the customers and expert, it was verified that these fourteen attributes are quite useful and match the aim of this study. As a result, these fourteen attributes form the basic skeleton of the questionnaire for investigating people's evaluations and beliefs.

However, in view of the unique objectives of this study, there are also some differences between McGoldrick's study and this study. These differences are illustrated as follows:
1. This survey is conducted in Bangalore, India, whereas McGoldrick's surveys were done in Hong Kong, UK, etc.

2. This survey is on hypermarket whereas McGoldrick mostly conducted surveys on department store.

3. For this study, both evaluations and beliefs were measured whereas McGoldrick only measured beliefs.

4. The five point scale measure was used in this study and McGoldrick used ten point scale.

5. No quota was set on sex and age of respondents, but this is not the case for McGoldrick.

6. Only two stores were being investigated in this study whereas McGoldrick investigated three stores in the Hong Kong study.

7. Questions related to product purchased were asked in this study and this was not the case for McGoldrick study.

   All respondents must have made purchase of products from either store, so as to make sure that their attitudes are more concrete, and this is not the prerequisite of McGoldrick study.

   Therefore, it is self-explanatory that, even though the framework for measuring image and positioning are alike, this study has it uniqueness in terms of focus and methodology.
Setting up of Hypotheses:

From the discussion with the customers it was found that the fourteen image components were sufficient.

For instance, people were quite concerned about merchandise quality and range. Regarding the level of services, they appreciated the layout, facilities and atmosphere of hypermarkets considered that the location of Big Bazaar and TOTAL is quite convenient.

They were of the opinion that advertising were mostly informative but the most important assets for stores should be its general reputation and reliability. By examining and emanating the result of the discussion with customers and experts, fourteen hypotheses were set up for future testing.

The hypotheses are:

H1: The perceived merchandise quality of Big Bazaar is the same as TOTAL
H2: The perceived merchandise Range of Big Bazaar is the same as TOTAL
H3: The perceived merchandise Fashion of Big Bazaar is the same as TOTAL
H4: The perceived merchandise display of Big Bazaar is the same as TOTAL
H5: The perceived service quality of Big Bazaar is the same as TOTAL
H6: The perceived store layout of Big Bazaar is the same as TOTAL
H7: The perceived store atmosphere of Big Bazaar is the same as TOTAL
H8: The perceived store facilities of Big Bazaar is the same as TOTAL
H9: The perceived convenience of store location of Big Bazaar is the same as TOTAL
H10: The perceived advertising of Big Bazaar is the same as TOTAL
H11: The perceived general reputation of Big Bazaar is the same as TOTAL
H12: The perceived reliability of Big Bazaar is the same as TOTAL
H13: The perceived image of Big Bazaar is the same as TOTAL
H14: The perceived price of Big Bazaar is the same as TOTAL
**Research Methodology**

The study has adopted the following procedure to carry out the study.

**Choice of organizations**

It is found from the management of Big Bazaar, they were the first to introduce the concept of hypermarket chains in the Bangalore. They had no competitor’s in this format of retailing till TOTAL hypermarket chain came into existence in 2006 in Bangalore. Therefore, the study focused on two hyper market chains- Big Bazaar and Total.

**Data sources and collection**

The secondary data relating to retailing, retail formats, changing customers profile in India, is drawn from research reports, journals, magazines and internet.

Information relating to marketing activities of Big Bazaar and Total hypermarket chains is collected from the stores managers of the stores through questionnaire method.

Customer perceptions and attitude towards these stores are obtained from customers through questionnaire method.

**Questionnaire**

Two sets of questionnaire are prepared.

(i) **Questionnaire to management**

To find out the relevant primary data pertaining to the functioning and working of both Big Bazaar and TOTAL, a questionnaire was prepared and the relevant data was
information provided by the management of the organization. Most of the questions were open ended.

The sequence of the retail management survey questionnaire was in the following order:

Part 1 – General information
Part 2 – Corporate Profile
Part 3 – Market entry and growth
Part 4 – Marketing Mix
Part 5 – Human resource

Information collected through this Questionnaire is analyzed and presented as case study of Big Bazaar and TOTAL in Chapter three.

(ii) Questionnaire to customers

Another questionnaire was prepared and data is collected from the customers visiting Big Bazaar and TOTAL.

The questionnaire is developed based on earlier studies Wah-leung Cheung (2001), IIPM (2005) and it is modified based on the objectives of the study. In order to help the customers to answer the attribute questions more accurately and quickly, the rating scale card listing those answers such as very important, quite important, etc., were shown to customers during the interview. With this, the interview time could be shortened and the data entry work would be easier.

The sequence of the customer survey questionnaire was in the following order:

Part 1 Identification of respondent
Part 2 Evaluations of store attributes
Part 3 Beliefs towards Big Bazaar
Part 4 Shopping behavior towards Big Bazaar
Part 5 Reasons for patronizing Big Bazaar
Part 6 Beliefs towards TOTAL
Part 7 Shopping behavior towards TOTAL
Part 8 Reasons for patronizing TOTAL
Part 9 Demographic data

**Sampling**

As the study seeks to investigate the perceptions held by customers of Big Bazaar and TOTAL, only those shoppers who had just finished shopping from Big Bazaar and Total are targeted.

From Lewison (1997) point of view, for retail research, the sample size between 400 and 500 was in most cases considered satisfactory. Crouch (1994) was of the opinion that for quantitative research, the minimum sample size should be around 300 and 500. Sekaran (1992) made statistical analysis and concluded that with the 1,000,000 population size, a sample size of 384 was considered to be good enough. In consideration of the cost constraints, a maximum of 410 target respondents are set, thus 205 interviews to be conducted for each store (i.e. Big Bazaar and TOTAL).

The respondents are those who have finished their shopping. They are requested to spare some time to provide answers to the study. As such the sampling technique used in the study is purposive aimed at capturing opinions based on recent and former experiences.

The survey was planned to be conducted on Saturday and Sunday, because these two days were the shopping days for many in Bangalore.
Data Analysis and Interpretation

The SPSS package was used for data analysis. The statistical analysis techniques such as frequency count, cross-tabulation, one way ANOVA, t test and chi square tests will be used for further analysis of the relevant data.

Limitations of the study: The findings of the study cannot be generalized due to the following features of the study.

- Many respondents have cooperated and provided responses. However, a general limitation in social science research –bias – might be there in responses.

- It was confined to Bangalore. The population in the other parts of the country may be different in terms of household/buyer characteristics and shopping attitudes.

- The study was confined to only one format of retailing hypermarket. The attitude and behavior of the customers towards other format may be different.
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