

Consumer Perceptions of Retail Store Image and its Impact on Store Loyalty – An Empirical Study

Meenu Mathur

Adjunct Faculty
Prestige Institute of Management and Research
Indore

Sanjivini Gangwani

Professor
Medicaps Institute of Management
Indore

Abstract

Organized retail in India is undergoing a remarkable transformation. Strong macro-economic fundamentals and the changing socio-economic scene are driving organised retail formats so as to cater to the evolving needs and preferences of the discerning Indian consumers. The choices for consumer have grown exponentially both in terms of the places to shop and the choice of brands. The retail store image not only influences consumers as to where to shop but also strongly impacts store loyalty. This will necessitate managing store image differentiation to attract and retain the Indian shopper. This study examined the impact of store image factors that associate with consumer perceptions of store image on store loyalty. The six store image factors identified in the study are 'Sales Personnel and Store Association', 'Atmosphere', 'Promotion and Institutional', 'Service', 'Merchandise' and 'Convenience'. In the current retail competitive scenario, retailers should assess consumer perceptions of store image for formulating effective marketing strategies to create and enhance a favourable store image to influence the overall behavioural pattern of the customers. The study is purely based on primary data, a total of 791 retail customers actively participated in the survey in Indore and neighbouring satellite towns, who made purchase themselves in the last six months at department stores namely Shoppers' Stop, Reliance Trends, Westside, Pantaloons, FBB, Globus, Max Fashion and Ritu Wears Big life. The results of this study provide valuable information for retailers about consumer perceptions on various dimensions of retail store image so as to formulate appropriate retail marketing strategies.

Keywords

Retail Store Image, Store Loyalty, Store Attributes, Retailing, Consumer Behaviour

Introduction

The Indian retail industry, currently valued at US\$600 billion (BCG Retail Report, 2015),

is expected to reach US\$ 1 trillion by 2020. The industry can be broadly classified into

organized/modern trade (10-11 per cent) and unorganized/traditional retail (89-90 per cent). Overall, the Indian retail sector is anticipated to grow at 10 per cent per year; modern retail is expected to grow twice as fast at 20 per cent (BCG Retail Report, 2015). The current state of modern Indian retail is attracting leading corporate players and thus competition is expected to increase in the near future. The key players include Tata Trent's Westside, Raheja's Shopper's Stop, Reliance Retail and others. The multi-brand segment which is expected to open up soon for foreign investments will make the markets all the more competitive. Most department stores in a mall vie for the same customers, and the merchandize being offered is relatively identical. Moreover, these competing department stores are located within the same mall in the same proximity. As a result, customer has lot of choices in terms of stores and brands. Consequently, the market is getting more saturated; in this scenario, consumers usually make their purchase decisions based more on the store image than on its tangible physical attributes. Thus, in order to draw better share of customers, department stores attempt to differentiate themselves from their competitors by building distinctive image.

Image-building is considered an important tool for both attracting and retaining customers (Helgesen *et al.* 2009). Through the strategic management of store image perception, retailers are able to sufficiently isolate consumers from their competitors by building store loyalty, thus providing them with a strategic advantage in the current dynamic retailing atmosphere (Miranda *et al.*, 2005; Osman, 1993). According to Baker *et.al* (2002) and Grewal *et.al* (2004), loyal customers are frequent buyers who over time spend an increasing amount of money with the same supplier, are willing to pay for the benefits they receive, are

tolerant of price increases, and are willing to recommend the store to others. Moreover, retaining customers costs less than attracting new ones (Reichheld, 1996; Richards and Jones, 2008). A loyal customer is a source of a competitive advantage through repeat purchase and positive word of mouth (Thomas, 2013). Consequently, the ultimate goal of most department store retailers is to strategically manage their store image and have loyal customers. Thus, store loyalty is becoming an increasingly important market strategic theme for retailers (Bridson *et al.*, 2008; Demoulin and Zidda, 2008). Besides other factors, store image building, has also been in focus (Bloemer and de Ruyter, 1998; Nguyen and Leblanc, 2001; Juhl *et al.*, 2002).

The research objective of this study is to examine consumer perceptions of retail store image and thereby identify the factors influencing store image. Another major objective of the study is to empirically study the impact of store image dimensions on store loyalty.

Literature Review

Retail Store Image

Retail Image is formed in a long time in the minds of consumers after the consumer interact with the retailer and experience a lot of experience in the transaction. Image is something vague, abstract (cannot see), cannot be felt or touched, and the phenomenon can hardly be measured, can be perceived and defined in various ways, e.g. as "a set of beliefs, ideas and impressions held regarding an object" (Lovelock and Wirtz, 2007). Store image is usually defined as "the way in which the store is perceived by shoppers" (Pan and Zinkhan, 2006). Store image serves as the basis and an integral component of retail brand equity (Ailawadi & Keller, 2004; Hartman & Spiro, 2005). Store image formation relies on the perceived importance of store attributes. The value

placed on different store attributes varies by target market and retailer and will influence consumer perception, thereby determining the importance of the store attribute (Newman & Patel, 2004; Osman, 1993). Over the years, different authors have agreed that store image does, however, comprise of distinct dimensions (Lindquist, 1974/75; Martineau, 1958; Moye & Giddings, 2002; Thang & Tan, 2003). These dimensions include both tangible/functional and intangible/psychological factors perceived in store image (Lindquist, 1974-1975). The dominant attitudinal perspective that is taken in the literature treats store image as the result of a multi-attribute model (Marks, 1976; James et. al., 1976). For example, Lindquist (1974), in his study on the store image literature, has combined models from 19 studies and came up with nine different elements: merchandise, service, clientele, physical facilities, comfort, promotion, store atmosphere, institutional and post-transaction satisfaction. Doyle and Fenwick (1974) distinguished only five elements: product, price, assortment, styling and location. Bearden (1977) suggested price, quality of the merchandise, assortment, atmosphere, location, parking facilities and friendly personnel.

According to Ghosh (1990) store image is based on the salient elements of the retail mix i.e. Location, merchandise, store atmosphere, customer service, price, advertising, personal selling and sales incentive programs. For each retail store a distinct image may exist within consumers' minds. Thang and Tan (2003) suggested store attributes for department stores to be merchandizing, store atmosphere, in-store service, reputation, accessibility, promotion, facilities and post-transaction. According to Wang and Ha (2011) Post-transaction service, direct mail, interpersonal communication, merchandise, preferential treatment, and store atmosphere are the dimensions of department store image.

As department store retailing in India is expanding, some related studies have examined store image perspectives of Indian consumers. Amresh K *et.al* (2014) in a study in Indian setting conceptualizes a retailer's image as a reliable and valid multidimensional construct, explained in eight dimensions namely atmosphere, convenience, facilities, price, merchandise, wow, service and transparency in transaction. Das Gopal (2013) revealed that different sets of store attributes positively affect the various store personality dimensions differently across the segments. The study also found the positive impacts of store personality dimensions on consumer store choice behaviour. Prasad (2012) revealed apparel consumers in organized outlets in India rate the factors as style > value > diversity > demand > credibility > concern > referral groups. It implies that top three concerns are that people go for retail apparel brands mainly to keep themselves fashionable with latest designs available. They are more value conscious and want more diversity. Amit *et.al* (2010) identified 12 store image dimensions and many sub-dimensions components namely price of merchandise, quality of merchandise, assortment of merchandise, fashion of merchandise, sales personnel, locational convenience, other convenience factors, service, sales promotions, advertising, store atmosphere and reputation on adjustments. Kaul S (2006) in a theoretical paper developed a series of models applying social identity theory to the retail content where the shopper is conceived of as an 'actor' whose self-image and related identities impact store image perceptions. In summary, retail store image is the perception of consumers based on the multi-attributes of a store.

Store Loyalty

The concept of store loyalty is derived originally from the brand loyalty concept which

refers to the tendency to repeat purchase the same brand (Kaul, 2006). Store loyalty has also been defined in various ways (Reynolds *et al.*, 1974/75; Levy and Weitz, 2007), there is no universal agreement on its definition (Kumar and Shah, 2004). Blut *et al.* (2007) defined loyalty as a pattern of repeated purchase behaviour of a specific brand that can lead to the development of a relationship with it. Customer loyalty has been perceived and defined as “a deeply held commitment to re-buy or re-patronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behaviour” (Oliver, 1997), or as “a customer’s commitment to continue patronizing a specific firm over an extended period of time” (Lovelock and Wirtz, 2007, p. 629).

Previous studies viewed customer loyalty as being both behavioural and attitudinal (Day, 1969; Oliver, 1996). In measuring retail store loyalty, the attitudinal component of loyalty is operationalised as commitment and the behavioural dimension as repeat purchase and positive word-of-mouth (Bloemer & Ruyter, 1998; De Wulf & Odekerken-Schroder, 2003). Store loyalty is defined by Bloemer and Ruyter (1998) as “the biased (i.e. non-random) behavioural 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”. Bridson *et al.* (2008) justified the use of both the behavioural 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. While according to Meyer-Waarden (2015) and Sirohi *et al.* (1998), Store loyalty can be measured focusing on consumers’ intentions to continue purchasing, others

suggest it can also be measured focusing on consumers’ behavioural characteristics as frequency of store visits or relative volume spent (Ailawadi *et al.*, 2008; Bustos-Reyes and González-Benito, 2008; Seenivasan *et al.*, 2015).

Store Image and Store Loyalty

In marketing literature, store image and store loyalty has found significant attention. It has been the focus of much research. Two kinds of views are prevalent on the relationship between store image and store loyalty. The first view is that store image attributes directly influences store loyalty. The other is that store image itself directly affects store loyalty. Miranda *et al.* (2005) found in Grocery stores in Australian city that different store attributes contribute to store satisfaction and store loyalty, which could provide a possible explanation for the contradictory findings obtained by Bloemer and De Ruyter (1998) in a study of major department stores in Swiss city found that perception of store image does not have a direct positive effect on store loyalty, rather an indirect positive effect on store loyalty through store satisfaction, i.e. a mediator effect. Beneke *et al.* (2011) in franchise setting in South Africa supermarket study also rejects the claim that loyalty is directly affected by store image and indicated that customer satisfaction is necessary for a relationship to exist between both store image and loyalty, and between trust and loyalty. Koo (2003) found that Korean discount store attributes have a positive influence on store loyalty, whilst findings from Chang and Tu (2005) confirmed the same for Taiwanese hypermarket consumers and Wisnalmawati (2014) found in Indonesia that store image and store loyalty has a direct relationship. It is interesting to note that much research suggests that store image attributes are the primary determinants of customer satisfaction (Bloemer and Odekerken-Schroder, 2002; Chang and Tu,

2005; Koo, 2005) and can often lead directly to store loyalty without having to operate through customer satisfaction (Chang and Tu, 2005; Koo, 2005). In fact, Koo (2005) found that store image attitudes toward service, atmosphere, and merchandise had a stronger impact on store loyalty than on satisfaction. R.Coleho *et al.* (2016) in an integrative framework of loyalty-driving factors found that the most relevant in-store and economic driving factors that contribute positively to consumers' store loyalty are the level of convenience, the service offered by each store, the level of identification with other consumers shopping in that store (social groups) and also the pricing policies adopted. Majumdar Aveek (2005) examined store specific factors determining store loyalty and found that overall impression of the store impacts store loyalty. Wherein, significant predictors of overall impression were Store Assortment, Store personnel service, merchandise quality, value perception. Huddleston *et al.* (2003) used a more qualitative approach to investigating grocery store habits and characteristics leading to store loyalty. They report that, based on numerous focus groups, which included various age groupings, incomes, and genders, store familiarity, convenience, cleanliness, and friendly employees encouraged repeat visits by respondents. Characteristics such as price, one-stop shopping, product variety, store environment, and service were found to be the most important variables in choosing a preferred store. Mitchell and Kiral (1998) has reviewed many studies on relationship between the store attributes and store loyalty. Zeithaml *et al.* (1996) and Zeithaml (2000) showed that perceived service quality influences customer behavioural intentions such as the intention to make repeat purchases. Ranaweera and Neely (2003) found that perceptions of service quality had a direct linear relationship with customer retention. Previous studies by Sirohi *et al.* (1998) also confirms that store

personnel service impacts customer loyalty intentions. In a simple framework Grewal *et al.* (2008) also presented the effects of service strategy elements (availability of service personnel, responsiveness, personalisation, proactiveness, and loyalty program) on retail loyalty. Previous studies also have documented the effects of service strategies on store loyalty (Baker *et al.*, 2002) and have proposed several metrics for loyalty, including willingness to buy (Baker *et al.*, 1994), satisfaction and complaints. Merchandise variety (Wong & Dean, 2009), quality (Sirohi *et al.*, 1998; Singson, 1975) category management (Cătoiş *et al.*, 2012) have a significant and direct effect on loyalty. Store atmosphere attributes including purchasing convenience, human interaction, layout & design, physical aspects and after purchase convenience have a positive effect on store loyalty intention of customers resulting in more profits for retailers (Yalcin and Kocamaz, 2003). Influence of loyalty schemes on store loyalty is often referred as a potential critical driving-factor. (Bridson *et al.*, 2008; Doroticetal, 2012). In addition, Cole & Clow (2011), suggest loyalty could have an indirect driver consisting in a particular attitude towards advertising in the case of customers with a materialistic view. So advertising may use messages build by practical advantages in the shopping process to entice loyalty in case of such consumers.

Many more previous studies have showed that retail store image impacts store loyalty. Several studies report direct linkages between Store Image and intensity of Store Loyalty. (Kunkel and Berry-1968; Reynolds, Darden and Martin; Korgaonkar, Lund and Price-1985). Research of Bloemer and Ruyter (1998); Miranda *et al.* (2005); Nguyen, *et al.* (2006); Hu and Jasper (2007), Park (2008); Maxwell, *et al.* (2009); Samani (2011); Ishaq (2012) have also established the effect of store image on store loyalty. Synthesising the literature, it is summarised that store image

dimensions have a direct effect on store loyalty. Consequently, in this study also, focus is not on customer satisfaction, but impact of consumers store image perceptions are examined on store loyalty. Thus, based on theoretical and empirical studies, following null hypothesis is proposed:

H0: Store image perceptions have no significant impact on Store Loyalty.

Methodology

The methodology for the study is quantitative in nature. Researchers had adopted single cross sectional descriptive research design in which one sample of respondents is drawn from the population (Indian Market) and information is obtained from this sample once. A non-probability quota sampling and convenience sampling technique was used to administer a customer survey.

Measurement Scale

The survey instrument was prepared following a comprehensive review of the relevant literature. Besides questions on demographic variables, survey questionnaire consisted of thirty five questions about various dimensions and sub-dimensions of store image construct and 3 questions of store loyalty, in the form of item statements. All items were adapted from previously published work, store image is measured using eight major dimensions namely Atmosphere, Convenience, Facilities, Merchandise, Sales Personnel, Service, Promotional, Institutional. The scale is loosely adapted from Du Prez *et.al* (2008). Store Loyalty construct was adapted from Sirohi *et.al* (1998); Dick and Basu (1994); Thomas (2013) and had three measures willingness to repurchase, willingness to purchase more in the future, and willingness to recommend the store to others. (Refer Table1) A five-point Likert-type scale was used with 1 indicating “strongly disagree”

and 5 indicating “strongly agree”. Cronbach’s alpha value was computed for the internal consistency aspect of reliability of the scales measuring the constructs. The store image measure, consisting of 27 items, had a value of 0.89 and store loyalty measure consisting of 3 items, had a value of 0.72.

Table-1: The Scale Adapted for Constructs

| STORE IMAGE CONSTRUCTS Adapted from Du Preez et.al (2008) | No. of Items |
|---|--------------|
| Atmosphere | 5 |
| Convenience | 4 |
| Facilities | 3 |
| Merchandise | 5 |
| Sales Personnel | 4 |
| Service | 7 |
| Promotional | 4 |
| Institutional | 4 |
| STORE LOYALTY | 3 |

Data Collection and Sampling

Using the structured questionnaire, data was collected from respondents, using convenience sampling; the respondents were selected on the basis of having regularly shopped for at least one year at various department stores in Indore city. These shoppers were asked to indicate their most frequently visited favourite modern organized retail outlet. They were then required to provide responses on the store image scale items for their most preferred organized retail outlet. In total, eight major modern organized retail outlets were indicated by shoppers as their most frequently visited favourite store (Refer Table-2). These respondents were from varied socio-economic background and were well spread across the length and breadth of Indore city including satellite towns Dewas, Pithampur and Ujjan. This ensured a diversity of respondents. (Refer Table-2 for Sample Characteristics). After initial screening, 791 usable questionnaires were finally used for data analysis.

Table-2: Sample Characteristics

| Variable | Level | Frequency | Percent |
|-----------------------------|----------------------------|-----------|---------|
| Gender | Female | 356 | 49.5 |
| | Male | 363 | 50.5 |
| Marital status | Married | 410 | 57.0 |
| | Single | 309 | 43.0 |
| Age | 18-24 | 353 | 49.1 |
| | 25-34 | 176 | 24.5 |
| | 35-44 | 127 | 17.7 |
| | 45-54 | 54 | 7.5 |
| | More than 55 | 9 | 1.3 |
| Education | Undergraduate | 36 | 5.0 |
| | Graduate | 340 | 47.3 |
| | Postgraduate | 307 | 42.7 |
| | PhD | 36 | 5.0 |
| Occupation | Service | 286 | 39.8 |
| | Retired | 1 | .1 |
| | Student | 323 | 44.9 |
| | Homemaker | 57 | 7.9 |
| | Self Employed/Own Business | 52 | 7.2 |
| Annual Family Income | Less than 2 Lac | 106 | 14.7 |
| | 2-5 Lac | 311 | 43.3 |
| | 5-10 Lac | 220 | 30.6 |
| | More than 10 lac | 82 | 11.4 |
| Department Store Patronized | Shopper's Stop | 97 | 13.5 |
| | Reliance Trends | 93 | 12.9 |
| | Westside | 86 | 12.0 |
| | Pantaloons | 134 | 18.6 |
| | Ritu Wears' Big Life | 43 | 6.0 |
| | Globus | 42 | 5.8 |
| | Max Fashions | 127 | 17.7 |
| | FBB (Fashion at Big Bazar) | 97 | 13.5 |

Data Analysis and Results

Once the data was coded, validated and cleaned, analysis was undertaken using SPSS 16.0. After basic statistics like mean and standard deviation were computed, factor analysis was undertaken to condense the 35 scale items into the six first-order store image dimensions. To check whether the data were amenable to factor analysis, Bartlett's test of sphericity and Kaiser-Meyer-Olkin (KMO) Measure of sampling adequacy (MSA) was done. As per Hair *et al.* (2006), KMO is a stronger test of appropriateness of a correlation matrix for factor analysis. The KMO value was 0.923 implying that

the datasets were appropriate. Bartlett's χ^2 -value of the dataset was 5.320E3 with df 351 also implying that factor analysis could be performed on this dataset. In the Process, 8 items were dropped because communalities were less than 0.4. Factor analysis was repeated with 27 items using principal component analysis and varimax with Kaiser Normalisation rotation method. The factor extraction was done for Eigen values greater than one and six factors were identified as 'Sales Personnel and Store Association'; 'Promotion and Institutional'; 'Atmosphere'; 'Service'; 'Merchandise'; and 'Convenience' (Refer Table-3 for Factor Loadings).

Table-3: Factor Loadings of Key Factors Influencing Store Image Perceptions

| Sub-Dimensions | FACTORS | | | | | |
|---|--|--|-----------------|---------|-----------------------|------------------|
| | Sales Per- sonnel and Store Asso- ciation | Promo- tion and Institu- tional | Atmo- sphere | Service | Mer- chan- dise | Conve- nience |
| Sales personnel - knowledge | .747 | | | | | |
| Employees-dress | .597 | | | | | |
| Sales- courteous and attend | .590 | | | | | |
| Recommend store to friends and colleagues | .576 | | | | | |
| Store's brands-emphasize my personality (identify with self) | .521 | | | | | |
| Overall impression about store products - latest style and fashion | .451 | | | | | |
| Promotional events and Sale/discounts | | .726 | | | | |
| Special benefits to store members | | .578 | | | | |
| Easily find all the store promotions advertised | | .540 | | | | |
| Reputation | | .493 | | | | |
| Visual display | | .475 | | | | |
| Overall service quality | | .468 | | | | |
| Overall shopping experience | | .465 | | | | |
| Store neat & clean, spacious and feels fresh | | | .792 | | | |
| Pleasing atmosphere of lighting and colour | | | .755 | | | |
| AC cool/cosy warm environment and music | | | .721 | | | |
| Window display | | | .544 | | | |
| Gift wrapping | | | | .741 | | |
| Return and exchange | | | | .564 | | |
| Payment counters | | | | .523 | | |
| Complain handling | | | | .518 | | |
| Variety of national brands | | | | | .707 | |
| High quality clothes/products | | | | | .607 | |
| Trial rooms | | | | | .578 | |
| Products - variety of sizes, colours and style | | | | | .416 | |
| close to my home/ work place | | | | | | .827 |
| easily reach at convenient time | | | | | | .759 |

With six factors of store image identified, following six sub-hypotheses of null hypothesis H_0 were formulated:

H_{0a} : There is no significant impact of SI – 'Sales Personnel and Store Association' on Store Loyalty

H_{0b} : There is no significant impact of SI – 'Atmosphere' on Store Loyalty.

H_{0c} : There is no significant impact of SI – 'Promotion and Institutional' on Store Loyalty.

H_{0d} : There is no significant impact of SI – 'Service' on Store Loyalty.

H_{0e} : There is no significant impact of SI – 'Merchandise' on Store Loyalty.

H_{0f} : There is no significant impact of SI – 'Convenience' on Store Loyalty.

Hypothesis Testing

Multivariate analysis has been employed to test the hypotheses set and assess the

strength of the cause and effect relationships among the variables. Simple multiple linear regression was conducted as data analysis technique to test the null hypothesis. The data was screened for missing values and violation of assumption prior to analysis. Regression analysis has been considered 'but far the most widely used and versatile dependence technique, applicable in every facet of business decision making' (Hair *et al.*, 1998). The regression model was tested using the composite score of the Store Loyalty as the dependent variable and SI-'Sales Personnel and Store Association'; SI-'Promotion and Institutional'; SI-'Atmosphere'; SI-'Service'; SI-'Merchandise'; and SI-'Convenience' as in all six independent variables and Store Loyalty as a dependent variable.

The overall model fit indices are reasonably good, R²= 0.452 suggest that 45 % of the

variance of store loyalty is explained by six predictors (independent variables); R=0.673; Adjusted R²= 0.448 (Refer Table-4). This indicated that the linear relationships between independent variables with store loyalty are explained properly by regression equation. Durbin-Watson test, which reports serial correlation, got a value of 2.022 when all the variables were added into the regression model.. Model F-value describes whether the regression model is statistically significant or not. In model, F-value F (6,712) is 262.556 and is statistically significant (p<0.001). Multicollinearity was checked amongst independent variables using VIF and tolerance estimates (Refer Table-4). The results of the analysis highlight the fact that Store Image perceptions significantly influence store loyalty. However, the relationship is not consistent across the dimensions.

Table-4: Results of Regression Model- Store Loalty and Store Image (SI) Factors as predictors

| | Unstandardized Coefficients | | Standardized Coefficients | | | Collinearity Statistics | |
|--|-----------------------------|------------|---------------------------|---------|------|-------------------------|-------|
| | Unstd. B | Std. Error | Std. B β | t-stats | Sig. | Tolerance | VIF |
| Constant | 1.040 | .451 | | 2.305 | .021 | | |
| SI-'Sales Personnel and Store Association' | .295 | .024 | .493 | 12.451 | .000 | .490 | 2.041 |
| SI-'Atmosphere' | .015 | .026 | .019 | .560 | .576 | .646 | 1.549 |
| SI-'Promotion and Institutional' | .111 | .024 | .186 | 4.713 | .000 | .494 | 2.026 |
| SI-'Service' | -.005 | .023 | -.007 | -2.06 | .837 | .633 | 1.580 |
| SI-'Merchandise' | .060 | .030 | .070 | 2.017 | .044 | .638 | 1.568 |
| SI-'Convenience' | -.014 | .035 | -.012 | -4.04 | .686 | .868 | 1.152 |

The results of regression Model (refer Table) accomplished objective of the study and shows that null hypothesis H₀₁, H₀₃, and H₀₅ are rejected and null hypothesis H₀₂, H₀₄ and H₀₆ are accepted. The findings demonstrate that the store image dimension SI-'Sales Personnel and Store Association' (b=0.493, p<0.001); SI-'Promotion and Institutional' (b=0.186, p<0.001); and SI-'Merchandise'(b=0.070, p<0.05); have significant impact on Store Loyalty however

store image dimensions SI-'Atmosphere'; SI-'Service' and SI-'Convenience' does not have any significant impact on Store Loyalty. Also see Table-4 for results of Regression Analysis.

Discussion and Conclusion

This research study suggests that the six important factors influence the consumer perceptions of retail department store namely, 'Sales Personnel and Store

Association'; 'Atmosphere'; 'Promotion and Institutional'; 'Service'; 'Merchandise'; and 'Convenience'. The results of the study are in line with many previous research findings and show that Indian consumers while shopping at modern retail department stores are evaluating various attributes of store and their brands.

Another central finding of the study is that consumer's store image perceptions impacts the store loyalty of department stores, however, the relationship is not consistent across the dimensions of store image. From the data analysis it can be concluded that the store image dimension SI-'Sales Personnel and Store Association'; SI-'Promotion and Institutional'; and SI-'Merchandise' have significant positive impact on Store Loyalty however store image dimensions SI-'Atmosphere'; SI-'Service' and SI-'Convenience' does not have any significant impact on Store Loyalty.

'Sales Personnel and Store Association' is found to be important determinant of store image. Sales Personnel creates an opportunity for retailers to interact with customers during retailing experience and thus can make a difference. In addition, their professional-looking appearance plays an important role in formulating the retail store image. Marketing Literature also confirms that store personnel service impacts customer loyalty intentions. An adequate and proactive employee's response to consumers' needs and directly influences customer satisfaction and shopping experience (Martos-Partal and González-Benito, 2013). Staff training in relation to their current product offering of retailers can contribute to the store loyalty (Cătoiu *et al.*, 2012).

Further, when consumer associates with the store, consumer's self-image is similar to that of store's image, the more favourable

their evaluations of that store should be. This congruence between self-image and store image which can affects store preference and loyalty also is advocated by various previous studies. Sirgy *et al.* (1997) argue that if the consumer perceives the brand's image to be congruent with his or her own or ideal self-image, brand attitudes are enhanced. More recently, Rocereto and Mosca (2012) also reveal that self-concept congruity constructs serve differential roles in the creation of retail loyalty in the context of multi-brand retail stores (i.e., Macy's). This implies that store retailers need to develop appropriate store image that is congenial to its target market.

Department stores are likely to have a more established store image due to significant marketing efforts by advertising, sales promotion, publicity and special privileges and benefits to store loyalty card members. Overall store promotions are found to be influencing the store loyalty. Attractive visual display and added efforts of store promotions can make customers to buy more regularly and they are more likely to recommend store to their friends and relatives. Martos-Partal and González-Benito (2013) further found that store promotional policies can act as short-term loyalty instruments, since the promotional mix of products offered by stores can influence store patronage.

Retailer can enhance store image by building reputation and trust among its target customers and creating a unique and stimulating shopping experience to customers at the store. "People will forget what you said, people will forget what you did, but people will never forget how you made them feel," Maya Angelou (2013). Bartikowski B. *et al.* (2011) suggests that Customer based reputation has direct effects on affective and intentional loyalty.

Department store retailers capture their

customers' interest by the nature of their merchandise range it offers to its customers. Our findings are supported by many previous studies, The Merchandise range helps to position a retailer against its competitors within a market sector. In concentrated and relatively saturated retail markets, the position that a retailer etches out in the consumer mind is a vital element of its something that retailers are keen to strengthen in pursuit of customer loyalty. Department store retailers are adding their own brands (private labels) to add to the range of offerings to customers. Koschate-Fischer (2014) found stronger relationship between private label share and store loyalty for customers who display price-oriented behaviour and the private label brand share drives store loyalty more for retailers with a low price positioning. R. Coleho *et.al* (2016) found that consumers' loyalty towards private labels is mostly driven by its quality. Quality store brands can be an instrument for retailers to generate store differentiation, store loyalty and store profitability (Corstjens and Lal, 2000).

Store atmosphere is another major component of store image and is comprised of vast array of elements like music, colour, light, scent, window display, decor, layout and window displays. They all are highly interrelated and synergistically can create unique store architecture, attractive interior design and window dressing. Store atmosphere is about what kind of a message retailing stores aim to give to the target customers by using these components to create an image different than other competitors. Though store atmosphere is identified as a factor of store image buy to our surprise, the findings of this study did not found any significant impact of store atmosphere on store loyalty, may be because most of the department

'Service' factor of store image in the current study comprises of various sub-dimension

including return and exchange services; gift wrapping services at the store; customer complain handling process at the store; number of payment counters, and fast billing so as to reduce waiting time at the store; and service quality. Most of the retail department stores typically have a table or counter dedicated to addressing returns, exchanges and complaints or can perform connected functions. Current study identifies 'Service as store image dimension which implies that retailers ensure that all service elements must reflect consistent store image to match the ever-changing expectations of consumers. But the results show that overall 'Service' dimension does not impacts store loyalty. The explanation is that possibly all the department stores are possibly giving similar services to customers.

Convenience is one of the store image factors, identified in this study with sub-dimensions of access and time convenience. Access convenience concerns the speed and ease with which consumers can reach a retailer. The speed and ease that consumers can make contact with retailers powerfully influence their retail choices and contributes to store's image. However, 'Convenience' as a factor does not impact store loyalty and the possible explanation can be that most of the stores are located in the mall and brings in same level of convenience.

Implications

The findings discussed above provide useful practical insights to retailers in an emerging competitive Indian retail landscape. The results of this study provide retail store managers with sufficient knowledge on the importance of each of the store dimension/sub-dimensions of store image from the customer perspective. Thus, in the current retail competitive scenario, retailers should assess consumer perceptions of store image

for formulating effective marketing strategies to create and enhance a favourable store image to influence the overall behavioural pattern of the customers.

Retailers must train and develop their sales personnel to deliver on consumer expectations. It is also vital that sales personnel are respectful, knowledgeable, responsive and friendly. Retailers must ensure about their presentable appearance and dress code for consistent store image. In addition, to build quality relationships and trust with consumers, sales personnel should be competent in assisting consumers and perform their daily task, equipped to solve consumer problems and show kindness and compassion as it will not only add to store's image but will ensure customers loyalty towards store.

In order to enhance store image, retailers also need to create appropriate store atmosphere effects using light, temperature, sound, colours, space, and display in the store. As store promotions and institutional aspects not only establishes store image but impacts store loyalty, retailers must have effective promotional strategies to draw customers and loyalty card members. At the same time, create innovative visual displays and in-store promotions to enhance customers shopping experience.

Customer service is another aspect which requires attention from store managers, as besides ensuring fast billing they must handle customer complains, return and exchange processes efficiently and also ensure customer convenience for improving satisfaction among customers and uphold store's image. Since perception of the store image by the customer is based on the perception of the benefit of the offer, retailers must give high priority to merchandise quality, assortment and variety in brands to serve and retain their target customers.

Retailers can use the image of their department store to not only retain their loyal customers but can project their positioning strategies to create differentiation in terms of store atmosphere, merchandise, services or create enhanced shopping experience for their customers. The resulting strong market position generally leads to greater customer traffic and consequently to better profitability. Therefore, changes in customer preferences must be identified to formulate matching retail strategies.

Limitations and Future Research

Though the study aims to achieve its stated objectives in full earnest and accuracy, it may have been hampered due to certain limitations. As the study is based on primary data it may be affected due to the biases of the respondents. Since the data is collected from Indore and its neighbouring satellite towns the results cannot be generalized for Indian customers. Similar study with much larger sample size with adequate participation from all over India can help making some generalized results in Indian context. Various dimensions/sub-dimensions of store image examined above influence customer's perceptions of department store retailers therefore each factor can be explored separately for its impact on store loyalty. In addition, the current research has not dwelled on the influence of demographic and psychographic factors on store image and store loyalty so specific research on them can be a possible area of further research.

References

- Ailawadi K, Keller (2004). Understanding retail branding: Conceptual insights and research priorities, *Journal of Retailing*, 80 (4), pp: 331-342.
- Amresh K., S. L. Gupta & N. Kishore (2014). Measuring Retailer Store Image:

- A Scale Development Study, *International Journal of Business and Economics*, 13(1), pp:25-38.
- Andreassen TW, Lindestad B. The effect of corporate image in the formation of customer loyalty, *Journal of Service Research*, 1, pp: 82–92.
 - Anderson E, Mittal V (2000). Strengthening the satisfaction profit chain, *Journal of Service Research*, 3, pp:107–120.
 - BCG Retail Report (2015). Retail 2020: Retrospect, Reinvent, Rewrite - Leadership perspectives on Trends in Indian Retail, published by Boston Consulting Group (BCG) February 2015 [accessed Jan. 2016]
 - Baker, J. *et al.* (2002). The influence of multiple store environment cues on perceived merchandise value and patronage intentions, *Journal of Marketing*, 66(2), pp: 120–141.
 - Bartikowski B, Walsh G. & Beatty S.E. (2011). Culture and age as moderators in the corporate reputation and loyalty relationship, *Journal of Business Research*, 64, pp:966–972.
 - Bellenger D.N., Steinberg E. & Stanton W. W. (1976). The Congruence of Store Image and Self Image- As it relates to Store Loyalty, *Journal of Retailing*, 52(1), pp:17-32.
 - Beneke J., *et al.* (2011). An exploratory study of the relationship between store image, trust, satisfaction and loyalty in a franchise setting, *Southern African Business Review*, 15(2), pp: 59-74.
 - Bloemer *et al.* (1998). On the relationship between store image, store satisfaction and store loyalty, *European Journal of Marketing*, 32 (5/6), pp:499-513.
 - Blut, M., Evanschitzky, H., Vogel, V., Ahlert, D.(2007). Switching barriers in the four-stage loyalty model, *Advanced Consumer Research*, 34, pp:726–734.
 - Bridson, K., Evans, J. & Hickman, M. (2008). Assessing the relationship between loyalty program attributes, store satisfaction and store loyalty, *Journal of Retailing Consumer Services*, 15(5), pp:364–374.
 - Cătoiu I, Gârdan D. A. & Geangu I.P.(2012). Customer Loyalty-Specific Features of Retail Activity in Bucharest, *Annales Universitatis Apulensis Series Oeconomica*, 14(1), pp: 278-285.
 - Chang, C.H. & Tu, C.Y.(2005).Exploring store image, customer satisfaction and customer loyalty relationship: Evidence from Taiwanese hypermarket industry, *Journal of American Academy of Business*, 7(2), pp: 197–202.
 - Clotley T., Collier D. & Stodnick, M (2008). Drivers of customer loyalty in a retail store environment, *Journal of Service Science*, 1(1), pp:35–48.
 - Cole Henry S. & Clow Kenneth E.,(2011). A Model Development of Retail Patronage Loyalty, *Journal of Business Studies Quarterly*, 2(2), pp: 1-16.
 - Corjstens, M.,Lal,R.(2000). Building store loyalty through store brands, *Journal of Marketing Research*, 37(3), pp:281–291.
 - Das Gopal (2013). Store personality and consumer store choice behaviour: an empirical examination, *Marketing Intelligence & Planning*, 32(3), pp: 375-394
 - Demoulin, N. & Zidda, P.(2008). On the impact of loyalty cards on store loyalty: does the customers' satisfaction with the reward scheme matter?, *Journal of*

- Retailing and Consumer Services*, 15(5), pp:386–398.
- Dick, A.S., Basu, K.(1994). Customer loyalty: toward an integrated conceptual framework, *Journal of the Academy of Marketing Science*, 22 (2), pp:99–113.
 - Doyle, P. & Fenwick, I. (1974). How Store Image Affects Shopping Habits in Grocery Chains, *Journal of Retailing*, 50, pp: 39-52.
 - Grewal Dhruv et al.(2008) Building Store Loyalty through Service Strategies, *Journal of Relationship Marketing*, 7(4), pp: 341- 358.
 - Hair, J.F. & Black, W.(2006). *Multivariate Data Analysis*, 6th Ed. New Jersey:Prentice-Hall.
 - Han X, Kwornik RJ, Wang C(2008). Service loyalty: an integrative model and examination across service contexts, *Journal of Service Research*, 11(1), pp:22-42.
 - Helgesen, O., Havold, J. & Nettet, E.(2009). Impacts of store and chain images on the “quality–satisfaction–loyalty process” in petrol retailing, *Journal of Retailing and Consumer Services*, 17(2), pp: 109-118.
 - Hu, H. & Jasper, C.(2007). A cross-cultural examination of the effects of social perception styles on store image formation, *Journal of Business Research*, 60, P. 222.
 - Huddleston, P., Whipple, J. & Van Auken, A. (2003). Food store loyalty: Application of a consumer loyalty framework, *Journal of Targeting, Measurement and Analysis for Marketing*, 12(3), pp: 213–230.
 - Ishaq, M. I. (2012). Perceived value, service quality, corporate Image and customer loyalty: Empirical assessment from Pakistan, *Serbian Journal of Management*, 7 (1), pp: 25-36.
 - Kaul Subhashini (2006). Identities and Store Image Formation: A Study of Retail Consumer Store Choice Behaviour IIM Ahmedabad, *India W.P. No. 2006-10-05*, pp:1-43.
 - Koo, D.M. (2003). Inter-relationships among store images, store satisfaction, and store loyalty among Korea discount retail patrons, *Asia Pacific Journal of Marketing and Logistics*, 15(4), pp: 42-71
 - Koschate-Fischer N., Cramer J. & Hoyer W. D. (2014). Moderating Effects of the Relationship Between Private Label Share and Store Loyalty, *Journal of Marketing*, 78(69), pp:69– 82
 - Levy, M.L. & Weitz, B.A.(2007). *Retailing Management*, sixth edition. Irwin, NY, USA: McGraw-Hill.
 - Liu, Y.(2007). The long-term impact of loyalty programs on consumer purchase behaviour and loyalty, *Journal of Marketing*, 71(4), pp: 19-35.
 - Lindquist, J.D. (1974-1975). Meaning of image: a survey of empirical and hypothetical evidence, *Journal of Retailing*, 50 (4).
 - Majumdar Aveek (2005). A Model for Customer Loyalty for Retail Stores inside Shopping Malls-An Indian Perspective, *Journal of Services Research*, Special Issue, (December), pp: 47-64
 - Martineau P. (1958).The personality of the retail store, *Harvard Business Review*, 58(1), pp: 47-55.
 - Martos-Partal, M. & González-Benito O.(2013). Studying motivations of store-loyal buyers across alternative measures of behavioural loyalty, *European Management Journal*, 31(4), pp:348–358.

- Meyer-Waarden (2015). Effects of loyalty program rewards on store loyalty, *Journal of Retailing and Consumer Services*, 24, pp:22-32.
- Miranda, M. J., Laszlo, K. & Havrila, I. (2005). Shoppers' satisfaction levels are not the only key to store loyalty, *Marketing Intelligence & Planning*, 23(2), pp: 220-232.
- Mitchell, VW & Kiral, RH (1998). Primary and secondary store loyal customer perceptions of grocery retailers, *British Food Journal*, 100(7), pp:312-319.
- Moye, L.N. & Giddings, V.L. (2002). An examination of the retail approach-avoidance behavior of apparel consumers, *Journal of Fashion Marketing and Management*, 6(3), pp:259-276.
- Muge yalcin & Tuncay Kocamaz (2003). The effects of Store Atmosphere attributes on store loyalty intentions of Hypermarkets/Supermarket customers, *CILT, XVIII, SAYI 1*.
- Newman, A.J. & Patel, D (2004). The marketing directions of two fashion retailers, *European Journal of Marketing*, 38(7), pp: 770-789.
- Oliver, RL (1997). *Behavioral perspective on the consumer*. New York: McGraw-Hill
- Osman, M.Z. (1993). A Conceptual Model of Retail Image Influences on Loyalty Patronage Behavior, *The International Review of Retail, Distribution and Consumer Research*, 31, pp:149-166.
- Prasad, Y R (2012). A study on attributes influencing the purchasing behaviour of apparel consumers in organized outlets, *African Journal of Business Management*, 6 (45), pp: 11294-11303.
- R. Coelho do Vale., Pedro Verga Matos & Jorge Caiado (2016). The impact of private labels on consumer store loyalty: An integrative perspective, *Journal of Retailing and Consumer Services*, 28 pp:179-188.
- Ranaweera, C. & Neely. A (2003). Best student paper some moderating effects on the service quality-customer retention link, *International Journal of Operational Production Management*, 23, pp:230-248.
- Rocereto, J.F. & Mosca, J.B. (2012). The Differential Roles of Product Brand Image And Store Brand Image In Retail Loyalty: A Self-Concept Image Congruity Perspective, *Journal of Business & Economics Research*, 10(2), pp: 77-96.
- Samani, M. B. & Hashim, N. H. & Golbaz, N. E. & Khani, N. (2011). A Proposed Model of Lifestyle and Store Attributes For Hypermarkets' Loyalty. *2nd International Conference on Business and Economic Research (2nd Icbcr 2011) Proceeding*.
- Saraswat, A. et al., (2010). Building store brands using store image differentiation, *Journal of Indian Business Research*, 2(3), pp: 166–180.
- Seock Y-K & Lu Yan(2008). The influence of grey consumers' service quality perception on satisfaction and store loyalty behaviour, *International Journal of Retail & Distribution Management*, 36(11), pp: 901-918.
- Shamma, HM & Hassan, SS.(2009) Customer and non-customer perspectives for examining corporate reputation, *Journal of Product & Brand Management*, 18(5), pp:326–37.
- Sirgy, M Joseph & A C. Samli(1985). A path analytic model of store loyalty involving self-concept, store Image, Geographic Loyalty, and Socioeconomic Status, *Academy of Marketing Science, Summer*, 13(3).
- Sirgy, M.J., et al.(1991).Self-congruity

- versus functional congruity: predictors of consumer behaviour, *Journal of the Academy of Marketing Science*, 19 (4), pp:363-375.
- Sirohi, N., Mc Laughlin, E.W., Wittink, D.R.(1998).A model of consumer perceptions and store loyalty intentions for a supermarket retailer, *Journal of Retailing*, 74(2), pp:223-245.
 - Thang D.&Tan, B.(2003). Linking consumer perception to preference of retail stores: an empirical assessment of the multi-attributes of store image, *Journal of Retailing and Consumer Service*, 10(4), pp:193-200.
 - Thomas, S. (2013). Linking customer loyalty to customer satisfaction and store image: a structural model for retail stores, *Decision*, 40(2), pp:15-25.
 - Wang, C. & Ha. S (2011). Store attributes influencing relationship marketing: a study of department stores, *Journal of Fashion Marketing and Management: An International Journal*, 15(3), pp: 326-344
 - Wisnalmawati., M.S. Idrus., Surachman. & Mintarti Rahayu (2014). Effect of Store Image on Store Loyalty and Perceived Quality as Mediation, *International Journal of Business and Management Invention*, 3(11), pp:20-30.
 - Wong, A. & Dean, A. (2009). Enhancing value for Chinese shoppers: the contribution of store and customer characteristics, *Journal of Retailing and Consumer Services*, 16(2), pp:123-134.
 - Zeithaml, V.A., Berry, L.L. & Parasuraman, A (1996). The behavioral consequences of service quality, *Journal of Marketing*, 60(2), pp:31-46.
 - Zeithaml, VA (2000). Service quality, profitability, and the economic worth of customers: what we know and what we don't know, *Journal of the Academy of Marketing Science*, 28(1), pp:67–85.
-

Reproduced with permission of copyright
owner. Further reproduction prohibited
without permission.