

Importance of Store Image

Bearden (1997) mentioned the influence of store image as “consumers choose stores that they feel close to their self image” and he tried to find out store image attributes that affect store image and loyalty. Hansen and Deutscher (1978) showed that store image and its attributes make an important role in the choice of retail stores in his study on image attributes. In their model of the process of store choice, Engel, Blackwell and Miniard (1990) claimed that purchasers distinguished acceptable stores from unacceptable stores in the process of comparing their evaluation standards with perceived image attributes, and that store image is a variable that consumers depend on their choice of store. James, Durand and Dreves (1976) found that image attributes influence consumers’ perception and attitudes and they are directly related to sales profits. Schiffman, Dash and Dillon (1977) focused on the description of image existing in the competing types of retailers and explained that store image attributes made an important role in the choice of store type.

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

Store Image Structure

Martineau (1958) indicated that store image consists of layout and architecture, symbols and color, advertising and sales personnel. Lindquist (1974) derived 9 store image attribute dimensions which are; merchandise (including quality, selection or assortment, styling, guarantees and pricing), service (including service general, salesclerk service, ease of return, credit, delivery and service process), clientele (including social class appeal, self image congruency and store personnel), facilities (including physical facilities, store layout and architecture), convenience (including parking, location and lavational convenience), promotion (including sales promotion, advertising or display, advertising, trading stamps and symbols and colors), store atmosphere and post-transaction satisfaction. James (1976) reduced these to only six dimensions, namely assortment, personnel, atmosphere, service, quality and price. Other examples of dimensions that have been used in previous are: convenience, service, advertising, private store brands, sales personnel and store music perception.

After an extensive review of the literature, Janes Van Noordwijk (2002) amalgamated the existing body of knowledge into a model of the underlying structure of store image. This model is submitted to a pilot study and expert review and culminated in the Model of Store Image, presented in Figure 1. The model includes 8 store image dimensions, namely 1. Atmosphere (store interior, store atmosphere), 2. Convenience (transportation, location, parking, shopping ease, store hours), 3. Facilities (store layout, store appearance, convenience of facilities, fitting room and fixtures), 4. Institutional (clientele, store reputation), 5. Merchandise (assortment, style, price, quality) 6. Promotion (advertising, displays, sales incentives), 7. Sales Personnel (interaction, appearance) and 8. Service (after sales service, payment option, in-store service, delivery options). By comparing and considering the previous research, there are few dimensions appear more from different authors.

For the purpose of current research, the store image dimensions to be studied have been chosen are merchandise, service and atmosphere.

Merchandise

The attributes of merchandise that are included in the current study are product quality and product price. According to Collins-Dodd and Lindley (2002), merchandise is considered the most important factor to consumer store preference. This view is supported by Birtwistle and Shearer (2000) and Collins-Dodd and Lindley (2003), who found that merchandise has a significant influence on brand perception and store choice across consumer segments. The better quality of product consumer will have better impression to the store. In the previous studies have found that quality of product and the wide selection of product had a positive significant influence to consumer. Therefore, quality of product influences consumer preference and patronage behavior, and variety is a key factor to store image.

In addition, price and perceived value is also one of the important factors to store image. Consumer will evaluate the price by the product, but the perceived value is the quality of perception and purchasing behavior, consumer will compare the price and product quality to assess their value. Erdem et al. (1999) state that consumer who attach greater value to personal gratification would be more inclined to consume at a store with a wide selection of product, whereas Huddleston et al. (1990) found a relationship between lifestyle characteristics of female consumer and merchandise. Hu and Jasper (2006) concluded that a store with more social cues created an even higher favorable preference toward merchandise. The research findings illustrate the important of linking merchandise with the chosen target segment. Paulins and Geistfeld (2003) remarked that Stores losing touch with their customers through inappropriate merchandising selections will lose customers.

Services

Service is a crucial element of a brand; this includes staff and customer interaction. Staff are responsible for the interaction with customers through this interplay between service and sales personnel. Staff play an important role in creating the social cues in a store that are found to improve evaluation of store image (Hu & Jasper, 2006) Service builds customer relationship and leads to positive-word-of-mouth and customer loyalty. (Newman & Patel, 2004). Teller, Kotzab and Grant (2006) found that staff service greatly affect store choice, service by staff though knowledge and courteousness is important. Good service contributes toward forming a positive store image. Thang and Tan (2003) concluded that stores that provide good service leave consumer with a more favourable perception which promotes repeat visits and has a positive impact on consumer purchases behavior.

Miranda et al. (2004) underscored this by concluding that intention to remain loyal to a store is influenced by several factors, including service. The interaction with customers through staff personnel is central to consumer-focused communication. Koo (2003) noted that consumer first need to form a favorable store image on non-physical characteristics to promote a positive attitude toward the store. This emphasizes the need to improve the staff personnel service and product knowledge. Baker et al. (2002) investigated the influence of store environmental cues on customers perceived merchandise value and patronage intention. They concluded that staff personnel influenced the perception of interpersonal service quality, which in turn, influenced patronage intention, thus understanding the importance of staff personnel in building store image.

Atmosphere

Store atmosphere plays a vital role in the consumer's experience. Atmospheric involve a conscious designing of space to affect customer's sensory experience. It mostly has to do with the "spatial aesthetic" features of the store and serve as a "silent language" in communication to consumers. (Kotler, 1973-1974, p.48&50) Store atmosphere have a tremendous effect on customer satisfaction which reflects the quality, for examples, attractive decor/design, music, lighting, color. Investing in the operation of physical environment (for examples, interior design/ decor, comfortable seat, high quality of furniture, pleasant music/ lighting/color and appearance of employee) will directly increase sales and purchase intention dramatically (Ryu & Jang 2007, Ryu & Han 2009).

Furthermore, environment will affect the emotion of customer, for examples, the background music (e.g. Jazz, Classic) will help them feel pleased and relaxed. Nowadays, customers are more focusing in finding a third place between work and home, where providing a warm, comfort, clean and inviting environment for customer to escape the chaos of their daily life. Newman and Patel (2004) reported that store atmosphere is one of the crucial factors and determinants of store image.

Customer Satisfaction

Customer satisfaction with a store's product or service is often seen as the key to an organization's success and long term competitiveness. The increasing important of quality in both product and service has also created a proliferation to an organization. Customer satisfaction increase repeat purchases behavior and the purchases of other product at the same store. According to Hansemark and Albinsson (2004) satisfaction is an overall customer attitude towards a service provider, or an emotional anticipates and what they received, regarding the fulfillment of some need, goal or desire. Kotler (2000) defined satisfaction as a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance or outcome in relation to his or her expectations. Hoyer and MacInnis (2001) said that satisfaction can be associated with feelings of acceptance, happiness, relief, excitement and delight.

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There are many factors that can affect customer satisfaction. According to Hokanson (1995), these factors include friendly employees, courteous employee, knowledge employee, helpful employees, accuracy of billing, billing timeliness, competitive pricing, service quality, good value, billing clarity and quick service. This will be show at Appendix 2. In order to achieve customer satisfaction, organization must be able to satisfy their customer needs and wants. Knutson (1988) discussed principles that managers should follow to meet or exceed customer expectations, such as employee greeting, restaurant atmosphere, speed of service, and convenience. Fitzsimmons and Maurer (1991) constructed a managerial tool to measure the attributes driving customer satisfaction. Other studies have identified numerous factors that influence customer satisfaction with a dining experience, including waiting time, quality of service, responsiveness of front-line employees, menu variety, food prices, food quality, food-quality consistency, ambience of the facilities, and convenience (Davis and Vollmann 1990, Dube Renaghan and Miller 1994, Kivela, Inbakaran, and Reece 2000, Sulek and Hensley 2004, Iglesias and Yague 2004, Andaleeb and Conway 2006).

Product Satisfaction

Product quality is an essential element of the overall restaurant experience. According to Namkung & Jang (2007), food quality had many attributes which are presentation, variety, healthy option, taste, freshness and temperature. They found that importance of food quality in restaurant has a related impact on customer satisfaction and behavioral intention. Gupta, McLaughlin & Gomez (2007) said that the proper food temperature and the presentation may affect the customer satisfaction perception.

Service Satisfaction

Besides of tangible product, service as an intangible product is playing a main role in store. Unlike tangible product, service is difficult to evaluate prior to purchase and consumption. The research of Sachin, et al., (2007) showed that service quality related to employee greeting, friendliness, appearance have the higher satisfaction than food quality. Customers are more likely to return to the store because of service of the staff. A cheerful greeting will give a relax environment for the customer. Not only will the lighthearted restaurant atmosphere affect the customer in emotion, it will also improve staff energy and performance dramatically. Peck (2008) believes that happy people are more productive. Thus, in performing a good quality service will be easier in the store. With all the satisfaction from food quality, physical environment and service quality, customers tend to return to the business again, and it also creates a loyalty towards the store.

Atmosphere Satisfaction

A positive store experience enhances satisfaction and will lead to increased visiting frequency and therefore lead to increased sales. (Koo, 2003) Store atmosphere, specifically in reference to design and ambient factors, is a significant variable as it influences consumer preferences, interpersonal service quality, merchandise quality and monetary price perception. Terblanche and Boshoff (2006) supported this by indicating the store décor is important to the store environment as it a controllable aspect that can contribute to creating customer satisfaction through fulfilling expectation. This is due to the fact that décor and popular music can align a store with its target customers. Disarrangement of seats may annoy the customer, seats that are too close to each other can cause customer to feel crowded, customer are more likely to stay in a restaurant which provide in a comfortable seat (Joanne & Rhonda 2004).

Customer Loyalty

Customer loyalty and retention are the ultimate goals for most organizations. Loyal customers make more frequent purchases, become advocates and promoters of firms solution, and provide greater margins to firms bottom line. They also provide valuable insight and feedback into purchasing patterns, market needs and emerging opportunities. It is no surprise, then, that companies want to retain and develop loyal customers.

Important of Customer Loyalty

At a general level, loyalty is shown by different propensities toward the brand, store or service. These propensities may be expressed in behavior and attitude. In service marketing, work has focused on continuity of purchase, i.e. retention, and advocacy of the brand. In many service and utility markets, retention can be measured by duration of time as a customer. In grocery market research, where consumers use multiple suppliers, one behavioral criterion of loyalty has been the share of category expenditure devoted to a brand or store (Cunningham 1956, 1961, Dunn and Wrigley 1984, McGoldrick and Andre 1997). Another measure is the number of stores or brands

used in a period (the larger the number, the lower the loyalty). Also in the grocery field, modelers have used probability of purchase and repeat purchase (Ehrenberg and Goodhardt 2000). Turning to attitude measures, service researchers have employed satisfaction and also commitment and trust (Morgan and Hunt 1994, Ennew and Binks 1996). In grocery markets, attitude to the brand or store has been used.

This variety leaves researchers with a choice: either to treat loyalty as having a number of specific forms or to see it as complex and use definitions that combine more than one meaning. In particular, researchers may choose between purely behavioral measures of loyalty or attitude-behavior combinations. Jacoby and Chestnut (1978) found that both simple behavior and combination measures were employed. Tucker (1964) advocated purely behavioral measures while Day (1969) and others favored measures that included attitude toward the loyalty object. One definition combined six criteria (Jacoby and Olson 1970), and covered share-of category spending, retention, attitude to the product and decision-making. Customer loyalty can be classified into brand loyalty, vendor loyalty, service loyalty, and store loyalty (Dick and Basu, 1994). With lack of consistency for this research, customer loyalty have definitions into a behavioral approach, an attitudinal approach and a combined approach.

Behavioral Approach

Lipstein (1959) thought brand loyalty as a function of probability of purchases of the same product or a function of time for a specific brand. Jacoby and Chestnut (1978) defining that loyalty is a biased behavior reaction of consumers in the choice of one among many alternatives in a period of time and it can be represented as a function of decision making process. Jeuland (1979) also used stochastic model to define brand loyalty. In his study, it was defined as long term probability of choice or purchases ratio of a specific brand among total product categories and such a behavior was named as inertia. Furthermore, behavioral definition of customer loyalty is a tendency of consumers to purchase repetitively in a period of time and it can be operationally defined and measured as purchase ratio as repetitive purchase behavior and purchase frequency.

Attitudinal Approach

Attitude is a learned tendency of preference to consistently show favor or disfavor and affirmative or negative reactions. Consumers have a favorable attitude to a specified brand but they don't always purchase that brand since there are various situations. But attitude influences behavior a lot. Thus the concept of loyalty is viewed not separated from the attitude that represents individual psychological tendency in repetitive purchases. Moreover, the attitude of consumers relatively evaluating a specified brand is important since repetitive purchases mean that consumers choose it among various alternatives. Furthermore, customers loyalty in an attitudinal sense can be understood as store preference or psychological commitment and thus it can be defined as favorable attitude to the specified store and operationally it can be measured future probability of purchase. (oh, 1995)

Combined Approach

Dick and Basu (1994) combined both behavioral and attitudinal approaches and then defined customer loyalty as favorable attitude and repetitive purchase of consumers so that the concept can be comprehensively understood and they argue that their concept was desirable since both components could be measured. Either favorable attitude or repetitive purchases alone cannot be necessary and sufficient conditions of index of customer loyalty and the both must be considered

together in the light of consumers. Following this view, customer loyalty can define as favorable attitude of consumers and tendency to purchase repetitively in a period of time.