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THE VALUE OF STORE CHOICE CRITERIA ON CONSUMER BEHAVIOR

ABSTRACT

Research on how store environment cues influence consumers' store choice decision criteria, such as store operations, product quality, monetary price, store image and sales promotion, is sparse. Especially absent research on the simultaneous impact of multiple store environment cues. The authors propose a comprehensive store choice model that includes: three types of store environment cues as exogenous constructs; various store choice criteria as possible mediating constructs, and store patronage intentions as an endogenous construct. On the basis of testing with a sample of 561 customers of hypermarkets, the model is partially supported. This study used structural equation modelling to test the proposed model.

KEYWORDS: Store Choice, Store Patronage, Structural Equation Modelling

Introduction

This study intends to analyse, through a conceptual model, the influence of customers' perceptions of store environment, design and personnel service in store choice criteria, simultaneously investigating which are the ones that stimulate store patronage intentions. The choice criteria included in the model are customers' perceptions of store operations, monetary price, merchandise quality, sales promotions and store image.

Conceptual Model And Hypothesis Development

Figure 1 adapts the model proposed by (1) to a retail setting and incorporates insights from (2) (2002) and (3) conceptualizations of how the service environment can influence consumer decision making. The overall sequence of effects in our model is that store environmental decisions influence consumers' perceptions of store choice criteria – namely, store operations, monetary price, product quality, store image and sales promotions – and these perceptions, in turn, affect store patronage intentions.

Figure 1 – Proposed Theoretical Model



When the store environment is evaluated in a positive way, the amounts and time spent in the store and the will to visit the store may increase (4). Reference (5) and (6) have analysed the impact of the working hours in the choice of a store, having concluded that consumers seek, more and more, stores with extended working hours: H_{1a}: As customers' perceptions of store ambient cues become more favourable, customers will perceive store operations to be higher.

Reference (7) has argued that an important factor for consumers' response to price is their perception of the entire purchase situation, which includes the store's environment. Also, the ambient inside the store can be used for areas with different price positioning, namely for undifferentiated products (8). Hence, the store's environment may translate the intended price positioning, i.e., the ambient created by the store may influence customers' perceptions of the applied monetary price: H_{1b}: As customers' perceptions of store ambient cues become more favourable, customers will perceive monetary prices to be higher.

Previous studies sustain a positive relation between music and the perception of merchandise quality, meaning the existence of ambient music influences the perception of the quality of the products in the store. Reference (9) describe an environment with and without quiet ambient music playing concluding that customers perceive merchandise quality in a more positive way when there is ambient music: H_{1c}: As customers' perceptions of store ambient cues become more favorable, customers will perceive merchandise quality to be higher.

In order to evaluate the transactions that are presented to them, the consumers, instead of evoking memory, may use signs observed from the store environment (10); (11). If the customers have the necessary information, they will more easily adhere to a promotion in the store: H_{1d}: As customers' perceptions of store ambient cues become more favourable, customers will perceive sales promotion to be higher.

The image of a store is an important variable in the consumer's decision making process (12), including characteristics such as the physical environment, the service levels and the merchandise quality (13); (14): H_{1e}: As customers' perceptions of store ambient cues become more favourable, customers will perceive store image to be higher.

As an environmental psychology theory argues, the most important role of a space (in this case, the store) is its ability to facilitate the goals of its occupants (15). For many shoppers, the goal is convenience, which includes getting in and out of the store quickly and finding the merchandise they seek easily. Layout is an example of a design cue that may influence customers' expectations of their efficient movement through a store (16): H_{2a}: As customers' perceptions of store design cues become more favorable, customers will perceive store operations to be higher.

Reference (17) concluded that more favourable perceptions on the design of the store increase the price acceptance level, which is to say that if the design is in agreement with the price positioning of the insignia, it may influence customer's perceptions: H_{2b}: As customers' perceptions of store design cues become more favourable, customers will perceive monetary prices to be higher.

The design of a retail store serves as an important basis for the evaluation of the quality of the merchandise (8); (18). Reference (19) showed that the images of the inside of the store are strongly used by consumers to evaluate merchandise quality: H_{2c}: As customers' perceptions of store design cues become more favourable, customers will perceive merchandise quality to be higher.

For customers familiar to the store's layout it does not require so much effort to find what they seek, noticing the information displayed in the sales point, namely the one concerning existing promotions (20): H_{2d}: As customers' perceptions of store design cues become more favourable, customers will perceive sales promotion to be higher.

According to (21), a well designed and non confusing layout leads to positive emotions in consumers. The higher the introduction of news in the assortment, the more interesting is the image of the store (22). This way, the responsible for a sales point should design the layout with maximum flexibility: H_{2e}: As customers' perceptions of store design cues become more favourable, customers will perceive store image to be higher.

The customers' perceptions of personnel service are directly related to the customers' perceptions of store operations, since the service will influence store operations (23): H_{3a}: As customers' perceptions of interpersonal service cues become more favourable, customers will perceive store operations to be higher.

The customers' perceptions of personnel service may position the store in terms of price policy. Reference (24) revealed that, the more favourable are the perceptions of the environment, the higher is the acceptance of the price level on a point of sales: H_{3b}: As customers' perceptions of

interpersonal service cues become more favourable, customers will perceive monetary prices to be higher.

The personnel service may be used as an extrinsic characteristic in the evaluation of the consumers on the general merchandise in a hypermarket (25): H_{3c}: As customers' perceptions of interpersonal service cues become more favourable, customers will perceive merchandise quality to be higher.

The customers' perceptions of sales promotions may be influenced by personnel service, by informing, interacting and explaining to the consumers the promotions available daily on the sales point. The promotions have been used to attract consumers to the store and increase customer traffic (26); (27), enabling the personnel to increase the visibility of the existing actions: H_{3d}: As customers' perceptions of interpersonal service cues become more favourable, customers will perceive sales promotion to be lower.

The satisfaction with the personnel service may affect the loyalty to the store, being the service perceptions an important loyalty indicator that can improve the image of the sales point. The quality of the service may also influence consumer satisfaction that, on its turn, can influence the intention to buy and the word of mouth, both indicators of loyalty to the store (29); (30); (31); (32): H_{3e}: As customers' perceptions of interpersonal service cues become more favourable, customers will perceive store image to be higher.

The convenience is one of the benefits desired by the consumers in the actual retail context. This way, consumers' perceptions of convenience (working hours, location and parking) will have a positive influence in the service evaluation (33): H_{4a}: The higher consumers' store operations perceptions, the higher their store patronage intentions will be.

The satisfaction with tangible elements of the store has been related to the creation of emotions, which in itself may result in loyalty. Positive emotional responses towards price produce intention to return to the store (21). This way, favourable price perceptions may provoke high loyalty level (31): H_{4b}: The higher consumers' monetary prices merchandise quality perceptions, the higher their store patronage intentions will be.

Tangible characteristics of the store (variety, store design and service) reveal themselves to be related to store loyalty (34). In addition, favourable perceptions of merchandise quality may originate high loyalty (31). The perception of consumers in regards to the merchandise in a sales point is related to the intention to return (35; (36); (18). For (37), quality products and services are fundamental to win customer loyalty: H_{4c}: The higher consumers' merchandise quality perceptions, the higher their store patronage intentions will be.

The promotions have been used to attract consumers to the store and increase customer traffic (26); (27). If the customers are satisfied, they will tend to return: H_{4d}: The higher consumers' sales promotions perceptions, the higher their store patronage intentions will be.

The formation of the image may result in predispositions which influence store choice (35). Reference (38), (39), (12), (40) and (41) have showed that the image of the store is one of the characteristics with direct influence in store choice: H_{4e}: The higher consumers' store image perceptions, the higher their store patronage intentions will be.

Method

The target population includes the hypermarket customers, both genders, over 18 years old, which reside in Lisbon's metropolitan area. After encoding, the data was inserted in a database and afterwards analysed in the SPSS and LISREL programs. With the treatment and analysis of the data, the intention was to test the conceptual model proposed in Figure 1 and the formulated hypothesis, using the *Structural Equation Modelling*. The estimation method used is *Robust Maximum Likelihood*. In the present study, the sample consists of 561 observations. To validate the model and test the hypothesis we undertook a confirmatory factorial analysis to assess the quality of the measurement model and validate the scales, determining their reliability and the convergent and discriminant nomological validity; the evaluation of the quality of the adjustment of the measurement models and the evaluation of the quality of the adjustment of the global model; and finally, the hypothesis test.

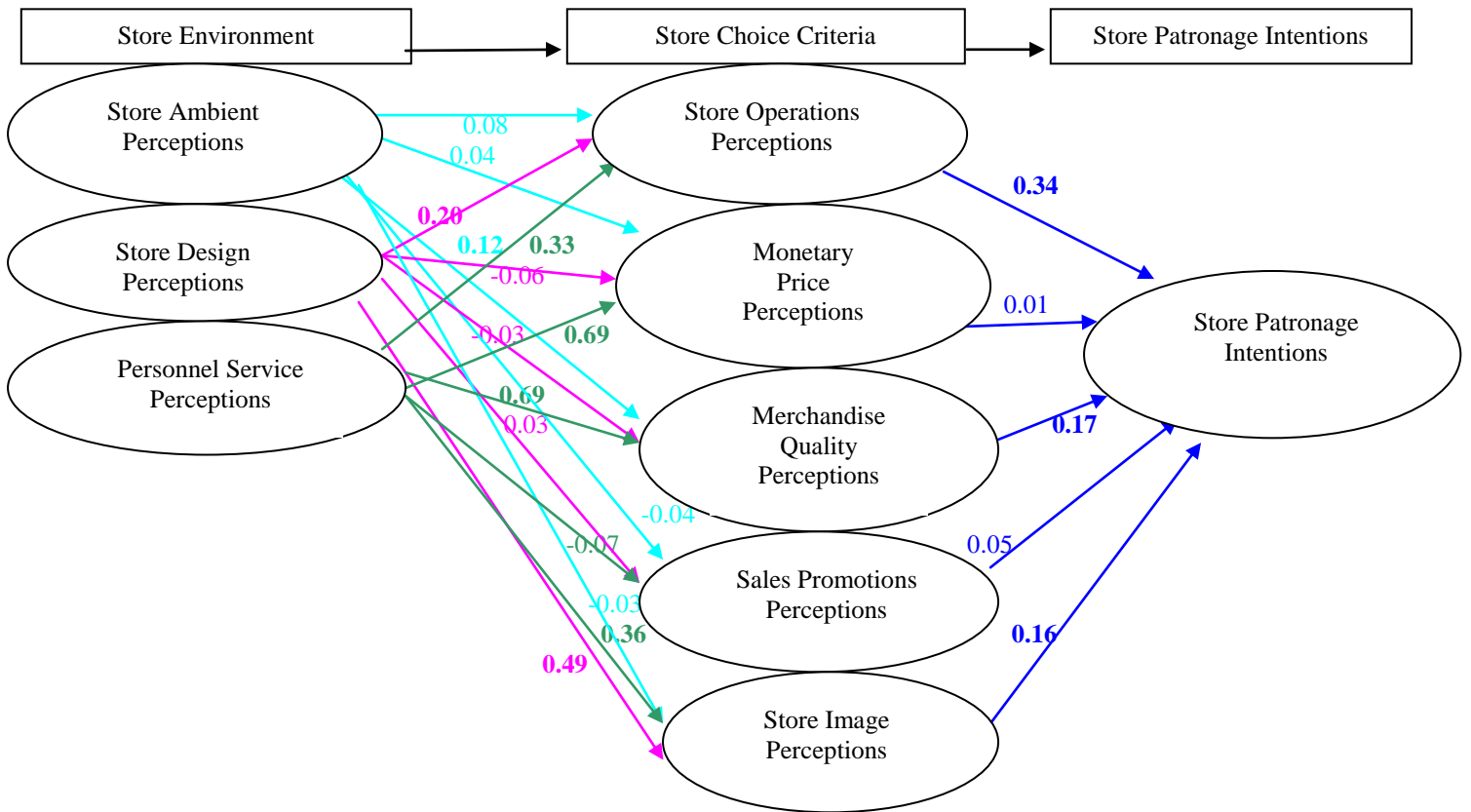
For the measures used in this study, we adapt existing scales to suit the retailing sector. The constructs employ seven-point Likert-type scales, with anchors ranging from strongly disagree (1) to strongly agree (7). A measurement model was tested for each of the three constructs, a joint measurement model for the perceptions of the store environment, there were included as indicators where the variables that, for each of the three individual measurement models considered, proved to be the best measurement indicators.

Results

Once tested the measurement models of the latent variables, independent and dependent of the proposed model, we estimate the global model and test the hypothesis at study.

Figure 2 represents the Global Model and the estimates obtained, in a completely standardized solution.

Figure 2 – Global Model



For evaluation of the structural model, the dependency relations between the constructs that constitute the hypothesis at study have been defined. The estimated structural coefficients and respective t-values were analysed, as well as the R^2 of the structural equations. The coefficients for R^2 determination, associated to the main structural equations of this study, present an acceptable proportion of the explained variation, as indicated, 0.20 for the construct Store Operations, 0.47 for the construct Monetary Price, 0.50 for the construct Merchandise Quality, 0.42 for the construct Store Image and 0.28 for the construct Store Patronage. Only for the construct Sales Promotions do we verify a reduced value 0.01. Regarding the adjustment of the global model, which includes all the variables considered in the theoretical model, the values encountered for the different types of indexes and adjustment measures analysed are: χ^2 Satorra-Bentler Corrected = 671.25, com df = 272 e P-value = 0.0; RMSEA = 0.051; RMR = 0.081; GFI = 0.81; NFI = 0.95; CFI = 0.97; IFI = 0.97; RFI = 0.95; AGFI = 0.76; PGFI = 0.63; PNFI = 0.80; $\chi^2/df = 2.47$.

Discussion And Implications

The relation established between Store Ambient Perceptions and Store Choice Criteria was not supported for the constructs Store Operations Perceptions, Monetary Price Perceptions, Sales Promotions Perceptions and Store Image Perceptions, allowing only the confirmation of the relation with the construct Merchandise Quality Perceptions.

The impact of Store Design Perceptions and Store Choice Criteria did not verify itself with the constructs Monetary Price Perceptions, Merchandise Quality Perceptions and Sales Promotions Perceptions, being possible to confirm the relation with the constructs Store Operations Perceptions and Store Image Perceptions.

The relation established between Personnel Service Perceptions and Store Choice Criteria was only not supported for the construct Sales Promotions Perceptions, being possible to confirm all other relations.

As for the intention to the store patronage, the studies reveal that the criteria with higher impact are store operations, merchandise quality and store image. This way, the responsible for the stores should be particularly alert towards all issues related to these criteria, since they are the ones that customers privilege the most. This study also reveals the importance of the store environment factors for customers' loyalty, thus alerting the companies to making them dynamic while preponderant elements in the development of a point of sales, in this case, the hypermarkets.

Despite the holistic approach to the complexity of consumers' behaviour, which in itself allowed filling in a gap in the investigation, it is recognized that other choice criteria, also important, were not analysed. Nevertheless, the need for parsimony led to concentrate the investigation in these criteria, as a starting point for future studies. This model has the particularity of including a simultaneous analysis of variables of store environment and store choice criteria and its impact on store patronage intentions. It was also possible to validate the diverse dimensions of store environment, different store choice criteria and their influence on store patronage intentions. It presents still the contribute of developing new measurement instruments, validated through statistical techniques of growing applicability, as is the case of Structural Equation Modelling.

The literature reveals that, currently, the majority of the investigation conducted in this area of knowledge uses, in terms of empirical work, students and laboratory circumstances like, for, example, the case of the study of (2). It is intended with the present study, and despite the limitations of the gathered sample, to obtain the opinions of the final consumers, obtaining like this the information from individuals who the actual buyers of the stores in analysis. In terms of practical contribution, it resulted in a profound knowledge of the diverse dimensions of the store environment, the different choice criteria and their influence on the intention to return to a hypermarket. This investigation presents new and relevant results that emphasize the need to continue to analyse the impact of store environment in store choice criteria and store patronage intentions.

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