

# Impact of Various Situational Factors on Store Image, Satisfaction and Loyalty of Customers Study on Pantaloon Store

\*Mr. Manish Jha \*\*Ms. Shilpi Arora

## ABSTRACT

The enormous retail boom in India has given space to many companies who have mushroomed out to benefit from this retail boom, which is nothing but a structured format of the unorganized retail business which is being done in India from ages. Many stores have come up with exquisite interiors, state of the art infrastructure and the best possible brands to the customer which has led to the growth of mall culture in India. The stores try and attract customers by providing them with such services and plethora of options in brands in different categories so that they can retain customers for long and make them loyal towards their retail stores. The retail business is booming in India and there has been remarkable shift in the buying behavior of the people from traditional stores to these departmental stores. It becomes important for the marketers to understand these relationships for successful design and execution of retail strategies. It would also enable the researcher to understand the organized retail formats and consumers buying attitude towards these stores.

The data was collected by getting the questionnaire filled by the respondents who were loyalty card holders to find out that what makes them loyal towards pantaloon stores and makes them visit pantaloon again and motivates them to purchase more from here. The purpose of this paper is to raise the question of the relationship between the various factors and how they lead to store loyalty.

## Introduction

Retailing consists of the sale of goods or merchandise from a fixed location, such as a department store, shopping mall etc. In the retail outlet various type of good and service are provide to the customer but all the goods and services are generally homogenous in nature through all the other retail outlets, Product and services of every company are available in every retail outlet. No two customers have the identical likes and preferences, But in many case retailers are not

aware of what their customer expect (Availability and location, Service expectations and Value for Money).

Retailers have to satisfy budding customers, older consumers as well as time crunched individuals whose motives all tend to be conflicting as well as different. Retailers need to establish a good image to prevent customers from shopping around. If expressed as a calculation, customer satisfaction might look something like this:

\* Asst.Professor-Department of Management, Fairfield Institute of Management & Technology  
Kapashera, New Delhi. emjay4@sify.com, Mobile: 9910073774

\*\* Asst.Prof -Department of Management, Panipat Institute of Engineering & Technology  
Shilpi.piet@gmail.com

### **Customer expectations = Companies Performance / Companies Satisfaction**

Satisfaction is a consumer's post-purchase evaluation of the overall service experience. It is an affective reaction (*Menon and Dubé, 2000*) in which the consumer's needs, desires and expectations during the course of the service experience have been met or exceeded. The study would enable us to understand the impact of various factors that influence a consumer's shopping behavior in a departmental store. Loyalty has been found to be greatly influenced by Store Related Variables. Some of the important store related variables are Shop location, Products Range and Store Image. The image of the store has also great effect on the loyalty of the customers.

### **Retail Industry : An Overview**

Retailing is the interface between the producer and the individual consumer buying for personal consumption. This excludes direct interface between the manufacturer and institutional buyers such as the government and other bulk customers. Retail has played a major role world over in increasing productivity across a wide range of consumer goods and services.

### **Challenges of Retailing in India**

Retailing as an industry in India has still a long way to go. To become a truly flourishing industry, retailing needs to cross the following hurdles. Automatic approval is not allowed for foreign investment in retail, Regulations restricting real estate purchases, and cumbersome local laws, Lack of trained work force.

### **Objective of the study**

#### **Shopper factors**

What influences a shopper to patronize a National Brand or Private Label? Which of the two 'manifest

satisfaction' or 'latent satisfaction' has stronger impact on store loyalty?

#### **Situational factors**

Is there any impact of 'recency of purchase experience' and 'frequency of visit to a store' on probability of repurchase from that store? Is there any impact of 'buying situations' and 'level of involvement' on the store choice?

#### **Store Factors**

How convenience and location influences a shopper's loyalty for a store?

How differentiation in type and quality of assortment offered by a store affects the buying behavior of shopper? How similarity between self-image and store-image leads impacts store loyalty? How store image impacts store loyalty and how it influences store satisfaction in shaping shoppers' overall store loyalty? The retail location is an important part of the retail strategy, as the location of the store conveys a fair amount of its image. It also influences the merchandise mix and the interior layout of the store.

#### **Types of Locations**

Typically, a store maybe,

1. Freestanding/ Isolated Store
2. Part of a business district (or)
3. Part of a Shopping Center

Pantaloon has the entrance on the ground floor and exit on the first floor. In case of visual merchandising all the category of clothes of all sizes and varieties are displayed and hence the consumption of space for shelves is reduced. Profitability of Pantaloon Delhi is more than that in Kolkatta and Ahmedabad because youth here have much spending power.

## Services & Store Atmosphere in Pantaloon

Pre purchase services include accepting telephone & mail orders, advertising, window & interior display, fitting rooms, fashion shows. It provides post purchase service including shipping & delivery, gift wrapping, adjustments & returns, alteration & tailoring.

### Facing the challenge

The greatest challenge for Pantaloon in its quest for a place in the retail sector is not the competition from similar organized players, but from the unorganized sector (98 per cent of India's retail garment industry operates in the unorganized sector).

### Research Methodology

For 70 percent of the interviews, data were collected in face-to-face interviews of customers coming to Pantaloon while exiting point-of-sale venues. For the remaining 30 percent, because certain retailers prohibit the interviewing of their clients exiting their stores, interviews took place in the subjects' homes, as a function of the store they attended most frequently. The study provides a representative sample of the main Shopping

centre in Delhi. The research design would be descriptive and cross sectional. A sample of 100 respondents has been used in the research.

### Hypotheses

**The various hypotheses are based on the store related factors, situation related factors and shopper related factors.**

#### Hypothesis based on Store Related Factors

Loyalty is affected by factors that are related to the store, including-

#### Trade Area Related

According to (Wood & Browne, 2007) neighborhood retailers are likely to manage their location decision-making by incremental steps. In order to be competitive, retailers must identify the key antecedents to customer loyalty and the relationships between the benefits delivered to the consumer and important outcomes e.g. satisfaction, word of mouth communication (Carpenter & Fairhurst, 2005). Customer relationship marketing can also lead to richer data insights about current customers and high-value potential customers (Kerr, 2009).

From above, we formulate the given hypotheses:

**Hypothesis 1 :** Convenience of location is primary factor shaping customer loyalty

		Convenience would be given Special attention	Is a loyal patron of this store brand
Convenience would be given special Attention	Pearson Correlation	1	.064
	Sig. (2-tailed)		.528
	N	100	1
Is a loyal patron of this store brand	Pearson Correlation	.064	1
	Sig. (2-tailed)	.528	
	N	100	100

According to this table, the significance level is very low i.e. 0.528 so the hypothesis can't be accepted. It also shows that the two factors are low correlated and significance of this is also very low, which is equals to 0.528, which means that there is no correlation between these two factors.

**Hypothesis 2 :** Convenience is the main motive for shoppers repeat buying at a store

b. Product Related - Besides direct effects on perceived risk and satisfaction, knowledge proves to moderate negatively both the relationship between perceived risk and satisfaction, and the relationship between satisfactions and repurchase loyalty (Tuu & Olsen, 2009). The social interaction between customers and individual employees can be critical for business success. Similarly, factors such as customer convenience and value for money are important to repeat purchase (Butcher et al.,).

		Convenience would be given Special attention	No. of times visiting the retail outlet per week
Convenience would be given special attention	Pearson Correlation	1	.023
	Sig. (2-tailed)		.818
	N	100	100
No. of times visiting the retail outlet per week	Pearson Correlation	.023	1
	Sig. (2-tailed)	.818	-
	N	100	100

From the table we can see that the significance level is 0.818, which is very low. This shows a very low confidence level. Therefore, we cannot accept this hypothesis. We can also see that the Pearson Correlation Coefficient is 0.023 which shows that there is no significant relation between the consumer loyalty and number of times the retail outlet is visited.

**Hypothesis 3 :** Higher the degree of differentiation in type and quality of assortment offered higher is the likeability to shoppers' revisiting the store.

		Product assortment given Special attention	Retail Outlet visits per week
Product assortment	Pearson Correlation	1	-.043
	Sig. (2-tailed)	-	.668
	N	100	100
No. of times visiting the retail outlet per week	Pearson Correlation	-.043	1
	Sig. (2-tailed)	.668	-
	N	100	100

From the above table we can see that that the significance level is 0.668 which means is very low significance level. This shows very low confidence level. Thus the hypothesis is not accepted. We can also see that the Pearson correlation coefficient is -0.043. This shows that the above two factors are least correlated to each other. This means that the degree of differentiation in type and quality of assortment doesn't make the shopper revisit the store.

### Hypothesis based on shopper related factors

However, as retailers contemplate the higher costs and higher revenues of increased customer service levels, they need to understand the relative importance to consumers of various aspects of customer service, particularly those delivered by salespeople (*Darian et al., 2001*). Since attitudes towards retail outlets are very important in determining future SL and subsequent profitability, understanding of consumer store attitudes in negative events like stockout is importantly for retailers (*Rani & Velayudhan, 2008*). Shoppers have started identifying the dimensions of retail store image and are differentiating the various stores on the basis of functional attributes (*Saraswat et al., 2010*). A study by (*Prasad & Aryasri 2011*) revealed this fact that shoppers' age, gender, occupation, education, monthly household income, family size and distance traveled to store have significant association with retail format choice decisions. Customers are satisfied when the store is neat and pleasant and when they feel that the store understands their needs. Only certain customer segments are interested in store brands. Satisfied customers are loyal (*Martenson, 2007*). We formulate the following hypothesis.

**Hypothesis 4 :** There is a similarity between self-image of the store before the visit and store-image after the visit to that store.

		Self image of the store in the customer mind	Store image in customer mind after the visit
Self image of the store in the customer mind	Pearson Correlation	1	-.099
	Sig. (2-tailed)	-	.329
	N	100	100
Store image in customer mind after the visit	Pearson Correlation	-.099	1
	Sig. (2-tailed)	.329	
	N	100	100

From the above table we can see that the significance level is 0.329 which is very Low significance level. This shows very low confidence level. Therefore hypothesis is not accepted. We can also see that the Pearson Correlation Coefficient is -0.099 which shows very weak correlation between the two factors. This means that from our study we can show that the self image of the store before the visit is very different from the store image after the visit to that store.

**Hypothesis 5 :** Likelihood of repurchase from a store depends on recency of purchase experience and frequency of visit to that store.

		Increase the purchase from this store	No. of times visiting the retail outlet per week
Increase the purchase from this store	Pearson Correlation	1	.023
	Sig. (2-tailed)	-	.821
	N	100	100
No. of times visiting the retail outlet per week	Pearson Correlation	.023	1
	Sig. (2-tailed)	.821	-
	N	100	100

From the above table we can clearly see that the significance level is 0.821 which is very low significance level. This shows very low confidence level. Therefore hypothesis isn't accepted. We can also see that the Pearson Correlation Coefficient is 0.023 which shows slightly +ive correlation. This means that the possibility of repurchase from a store somewhat depends upon the recency of purchase experience and frequency of visit to that store.

### Hypothesis based on Situation Related Factors

Another set of factors that has been found to impact on customer loyalty consists of situational factors. These factors include task definition, level of involvement, shopping orientation, and usage of information. Shopping orientation correlates differently with the information mix elements. A Study by (Lee & Kim, 2008) revealed that about 95 percent of the respondents shopped at non-local retailers and about 60 percent reported that they never shopped from TV shopping channels. From above the following hypotheses are formulated:

**Hypothesis 6 :** The importance of information sources in retail differs by level of product specific buying experiences.

		Source of information	Product buying experience
Source of Information	Pearson Correlation	1	.073
	Sig. (2-tailed)	-	.468
	N	100	100
Product Buying Experience	Pearson Correlation	.073	1
	Sig. (2-tailed)	.468	-
	N	100	100

From the above table we can see that the significance level is 0.468 which is again very low significance level. This shows low confidence level. Therefore hypothesis isn't accepted. We can also see that the Pearson correlation coefficient is 0.073 which means that there is a slight correlation between the information sources in a retail store and the product buying experiences.

### Hypothesis based on Store Satisfaction

Retailers often do not recognize that what influences customer satisfaction is not the same as what engenders store loyalty, and consequently do not allocate scarce resources systematically among tactics influencing one or the other (Miranda et al., 2005). Fostering favorable relative attitude and getting customers to recommend the product or service holds key to fostering store loyalty (Sivadas & Prewitt, 2000).

**Hypothesis 7 :** The degree of loyalty to a particular store differs with the satisfaction level of customers.

		Overall satisfaction level	Is a loyal patron of this store brand
Overall satisfaction level	Pearson Correlation	1	.231*
	Sig. (2-tailed)	-	.021
	N	100	100
Is a loyal patron of this store brand	Pearson Correlation	.231*	1
	Sig. (2-tailed)	.021	-
	N	100	100

\* Correlation is significant at the 0.05 level (2-tailed).

From the above table we can see that the significance level is 0.021 which is highly significant. This shows high confidence level. Thus the hypothesis is accepted. We can also see that the Pearson Correlation Coefficient is 0.231 which means there is somewhat relation between the degree of loyalty of customer to a particular store and the satisfaction level of customers.

### Hypothesis based on Store Image

Consumers perceived that they would be more likely to shop in a store that had more in-store displays of graphics with social meaning (Hu & Jasper, 2006). Buyers prefer to buy branded T-shirts either from an exclusive showroom or a departmental store. For local brands, they take little care about the store image (Verma & SenGupta, 2005). A mall with a department store as an anchor reflects an image of high quality merchandise and customer service. A mall a price format store as an anchor has an image of a low service mall (Kirkup & Rafiq, 1994).

### The Relationship between image, Satisfaction and Loyalty

Latent satisfaction is the result of an implicit evaluation of the store choice, which is not elaborated on and of which the consumer is not fully aware. Nevertheless, latent satisfaction may also be positively related to store loyalty, but less strongly than manifest satisfaction. Although a number of studies address the relationship between satisfaction and loyalty as related to products and services (Ruyter and Lemmink, 1996; Bloemer and Ruyter, 1998). There is both evidence for a direct relationship and an indirect relationship whereby store satisfaction acts as a mediator (Doyle and Fenwick, 1974).

## Consumer Pull Factors

- A critical factor in Pantaloon's success has been its strategy to attract shoppers & keep them in stores- the amount of time shoppers spend in a store is perhaps the single most important factor in determining how much they will buy. What has also given Pantaloon a competitive edge is that in addition to an extensive range of internationally renowned brands like Spykar, Lee and Fast Track they also offer the option of a less known brands for low budget customers. All the three floors are carefully structured. 1st floor and 2nd floor caters exclusively to Women and Men respectively. Thus giving them privacy and more freedom to look into their products.
- Women's need more space and look for comfort. They are less likely to buy if the place is congested and makes them feel uncomfortable. At Pantaloon sofas have been placed in the women section so as to make the females more comfortable. Pantaloon has been able to create a brand image and is consistently maintaining its brand identity by new additions in products and catering to the market need.

## Recommendations

- To increase more footfalls more promotional activities must be carried out. For this Pantaloon can either offer more discounts or increase their advertisements. Increase in the number of footfalls will lead to increase in sales.
- Since Pantaloon is not only catering to apparel need of the society a few additions like Books, Music items, Electronic gadgets etc can also be added to the

products available inside their store. The demand for the above products is always in the market.

## Limitations

The sample used for this study consisted mostly of college students. Therefore, these results may not be applicable to the wider population in general. The results of this study are limited to a specialty retail branded purchasing context. It must be acknowledged that there may be numerous other variables that contribute to the development of customer satisfaction, customer loyalty, and word of mouth communication which are briefly touched upon below

## Conclusion

Retailers should understand this if they expect to provide utilitarian benefits to consumers by way of having the right product on hand at the right place and time. In addition, they must recognize that the consumer also desires a hedonic benefit in terms of the shopping experience. The results of this study doesn't indicate that consumers expect the purchase experience to offer hedonic qualities such as excitement, entertainment, escapism, fantasy, and fun. Retailers that utilize the store-as-the-brand strategy should recognize this and work to deliver hedonic value throughout the purchase experience. In addition, retailers should recognize that their performance in the delivery of these consumer benefits is linked to important outcomes such as satisfaction, loyalty, and word of mouth communication. One way that retailers can provide satisfaction to the consumer is through the delivery of value in the form of utilitarian and hedonic benefits associated with the purchase experience.



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